

This is a Preliminary Official Statement "deemed final" within the meaning of, and with the exception of certain information permitted to be omitted by, Rule 15c2-12 of the Securities and Exchange Commission, and the information contained herein is subject to completion or amendment in accordance with applicable law. The Issuer will deliver a final Official Statement in compliance with Rule 15c2-12. This Preliminary Official Statement shall not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration, qualification or exemption under the securities laws of any such jurisdiction.

PRELIMINARY OFFICIAL STATEMENT DATED APRIL 21, 2026

NEW ISSUE

RATING: Moody's: "MIG 1"

In the opinion of Rogut McCarthy LLC, Bond Counsel to the Township, assuming compliance by the Township with its Tax Certificate described herein, under existing law, interest on the Notes is excluded from gross income of the owners thereof for Federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"). In addition, under existing law, interest on the Notes is not treated as a preference item for purposes of the alternative minimum tax imposed under the Code with respect to individuals; however, interest on the Notes that is included in the "adjusted financial statement income" of certain corporations is not excluded from the Federal corporate alternative minimum tax. In addition, Bond Counsel is further of the opinion that, under the New Jersey Gross Income Tax Act, as enacted and construed on the date hereof, interest on the Notes and any gain from the sale of the Notes are not includable in gross income of the holders thereof. See "TAX MATTERS" herein.

\$16,515,000 BOND ANTICIPATION NOTES
Consisting of
\$15,750,000 General Bond Anticipation Notes
and
\$765,000 Water Utility Bond Anticipation Notes
OF THE
TOWNSHIP OF SADDLE BROOK
COUNTY OF BERGEN, NEW JERSEY
(Non-Callable)(Not Bank-Qualified)(Book-Entry Only)

Dated: May 7, 2026

Due: May 7, 2027

The \$16,515,000 Bond Anticipation Notes consisting of \$15,750,000 General Bond Anticipation Notes (the "General Notes") and \$765,000 Water Utility Bond Anticipation Notes (the "Water Utility Notes" and together with the General Notes, the "Notes") of the Township of Saddle Brook, in the County of Bergen, New Jersey (the "Township"), shall be issued as fully registered book-entry notes registered in the name of Cede & Co., as registered owner and nominee of The Depository Trust Company, Brooklyn, New York ("DTC"), which will maintain a book-entry system for recording ownership interests of DTC Participants. Individual purchases of the beneficial ownership interests in the Notes may be in book-entry form only on the records of DTC and its Participants and only in the principal amount of \$1,000 or any integral multiple thereof with a minimum of \$5,000 required. Beneficial Owners of the Notes will not receive certificates representing their interests in the Notes. As long as Cede & Co. is the registered owner, as nominee of DTC, references in this Official Statement to the registered owners shall mean Cede & Co., and not the Beneficial Owners of the Notes. See "THE NOTES - Book-Entry Only System" herein.

The Notes are general obligations of the Township and are secured by a pledge of the full faith and credit of the Township for the payment of the principal thereof and the interest thereon. The Township is authorized and required by law to levy *ad valorem* taxes upon all the taxable real property within the Township for the payment of the principal of and interest on the Notes, without limitation as to rate or amount.

Interest on the Notes will be payable at maturity on May 7, 2027. Principal and interest on the Notes will be paid to DTC by the Township. Interest on the Notes is calculated on the basis of twelve (12) thirty (30) day months in a three hundred sixty (360) day year. The Notes are not subject to redemption prior to maturity.

INTEREST RATE

_____ %

YIELD

_____ %

The Notes are offered for sale upon the terms of the notice of sale and subject to the final approving opinion of Rogut McCarthy LLC, Cranford, New Jersey, Bond Counsel. It is anticipated that the Notes in definitive form will be available for delivery to DTC in Brooklyn, New York, on or about May 7, 2026.

**PROPOSALS FOR THE NOTES WILL BE RECEIVED
UNTIL 11:00 AM ON TUESDAY, APRIL 28, 2026
BY BOND COUNSEL ON BEHALF OF THE TOWNSHIP,
VIA ELECTRONIC MAIL AT SLR@ROGUTMCCARTHY.COM
OR
VIA THE PARITY ELECTRONIC BID SYSTEM OF I-DEAL LLC
FOR MORE DETAILS REFER TO THE NOTICE OF SALE**

**TOWNSHIP OF SADDLE BROOK
BERGEN COUNTY, NEW JERSEY**

MAYOR

Robert D. White

COUNCIL MEMBERS

Todd J. Accomando
Andrew Cimiluca
David Gierak
Florence Mazzer
Sarah Sanchez

TOWNSHIP ADMINISTRATOR

Jimmy Homsi

TOWNSHIP CLERK

Peter Lo Dico

CHIEF FINANCIAL OFFICER

Vincent Buono

TOWNSHIP ATTORNEY

John L. Schettino
Hackensack, New Jersey

TOWNSHIP AUDITOR

Wielkotz & Company, LLC
Pompton Lakes, New Jersey

BOND COUNSEL

Rogut McCarthy LLC
Cranford, New Jersey

No broker, dealer, salesperson or other person has been authorized by the Township or the Underwriter to give any information or to make any representations with respect to the Notes other than those contained in this Official Statement, and, if given or made, such information or representations must not be relied upon as having been authorized by any of the foregoing. The information contained herein has been provided by the Township and other sources deemed reliable; however, no representation or warranty is made as to its accuracy or completeness and such information is not to be construed as a representation of accuracy or completeness and such information is not to be construed as a representation or warranty by the Underwriter or, as to information from sources other than itself, by the Township. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale hereunder shall, under any circumstances, create any implication that there has been no change in any of the information herein since the date hereof, or the date as of which such information is given, if earlier.

References in this Official Statement to laws, rules, regulations, resolutions, agreements, reports and documents do not purport to be comprehensive or definitive. All references to such documents are qualified in their entirety by reference to the particular document, the full text of which may contain qualifications of and exceptions to statements made herein, and copies of which may be inspected at the offices of the Township during normal business hours.

The Underwriter has reviewed the information in this Official Statement pursuant to its responsibilities to investors under the federal securities laws, but the Underwriter does not guarantee the accuracy or completeness of such information.

This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Notes in any jurisdiction in which it is unlawful for any person to make such an offer, solicitation or sale. No dealer, broker, salesman or other person has been authorized to give any information or to make any representations other than as contained in this Official Statement. If given or made, such other information or representations must not be relied upon as having been authorized by the Township or the Underwriter.

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**OFFICIAL STATEMENT
OF THE TOWNSHIP OF SADDLE BROOK
IN THE COUNTY OF BERGEN, NEW JERSEY
relating to**

**\$16,515,000 BOND ANTICIPATION NOTES
Consisting of
\$15,750,000 General Bond Anticipation Notes
and
\$765,000 Water Utility Bond Anticipation Notes**

INTRODUCTION

This Official Statement (the “Official Statement”) which includes the cover page and the appendices attached hereto, has been prepared by the Township of Saddle Brook (the “Township”), in the County of Bergen (the “County”), State of New Jersey (the “State”) in connection with the sale and issuance of its \$16,515,000 Bond Anticipation Notes consisting of \$15,750,000 General Bond Anticipation Notes (the “General Notes”) and \$765,000 Water Utility Bond Anticipation Notes (the “Water Utility Notes” and together with the General Notes, the “Notes”). This Official Statement has been executed by and on behalf of the Township by the Chief Financial Officer and may be distributed in connection with the Notes.

This Preliminary Official Statement is “deemed final”, as of its date, within the meaning of Rule 15c2-12 of the Securities and Exchange Commission (“Rule 15c2-12”), but is subject to (a) completion with certain pricing and other information to be made available by the Underwriter and (b) amendment. This Preliminary Official Statement, as so revised, will constitute the “final official statement” within the meaning of Rule 15c2-12.

THE NOTES

General Description

The Notes shall be dated and shall bear interest from May 7, 2026 and shall mature on May 7, 2027. The Notes shall bear interest at the interest rate set forth on the cover hereof, which interest is payable on May 7, 2027. The Notes will be issued as fully registered notes in book-entry only form and when issued, will be registered in the name of and held by Cede & Co., as nominee of DTC. DTC will act as Securities Depository for the Notes. Purchases of beneficial interests in the Notes will be made in book-entry only form, without certificates, in denominations of \$1,000 or any integral multiple thereof, with a minimum purchase of \$5,000 required. Under certain circumstances, such beneficial interests in the Notes are exchangeable for one or more fully registered Note certificates in authorized denominations.

The Note certificates will be on deposit with DTC. DTC will be responsible for maintaining a book-entry system for recording the interests of its Direct Participants and transfers of the interests among its Direct Participants. The Direct Participants and Indirect Participants will be responsible for maintaining records regarding the beneficial ownership interests in the Notes on behalf of the individual purchasers. Individual purchasers of the Notes will not receive certificates representing their beneficial ownership interests in the Notes, but each book-entry owner will receive a credit balance on the books of its nominee, and this credit balance will be confirmed by an initial transaction statement stating the details of the Notes purchased. So long as DTC or its nominee, Cede & Co., is the registered owner of the Notes, payments of the principal of and interest on the Notes will be made by the Township or a duly designated paying agent directly to DTC or its nominee, Cede & Co., which will in turn remit such payments to Direct Participants, which will in turn remit such payments to the Beneficial Owners of the Notes.

Book-Entry Only System

DTC will act as securities depository for the Notes. The Notes will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Note certificate will be issued for each series of the Notes, in the principal amount of each series of the Notes, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks and trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of Notes under the DTC system must be made by or through Direct Participants, which will receive a credit for the Notes on DTC's records. The ownership interest of each actual purchaser of the Notes ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Notes are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Notes, except in the event that use of the book-entry system for the Notes is discontinued.

To facilitate subsequent transfers, all Notes deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of the Notes with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Notes; DTC's records reflect only the identity of the Direct Participants to whose accounts such Notes are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Notes unless authorized by a Direct Participant in accordance with DTC's MMI procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Township as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Notes are credited on the Record Date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the Notes will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Township or the paying agent, if any, on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name", and will be the responsibility of such Participant and not of DTC, the paying agent, if any, or the Township, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Township or the paying agent, if any, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Notes at any time by giving reasonable notice to the Township or the paying agent, if any. Under such circumstances, in the event that a successor depository is not obtained, note certificates are required to be printed and delivered.

The Township may decide to discontinue use of the system of book-entry only transfers through DTC (or a successor securities depository). In that event, note certificates will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the Township believes to be reliable, but the Township takes no responsibility for the accuracy thereof.

NEITHER THE TOWNSHIP NOR THE PAYING AGENT WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO SUCH DTC PARTICIPANTS OR THE PERSONS FOR WHOM THEY ACT AS NOMINEES WITH RESPECT TO THE PAYMENTS TO OR PROVIDING OF NOTICE FOR THE DTC PARTICIPANTS, OR THE INDIRECT PARTICIPANTS, OR BENEFICIAL OWNERS.

SO LONG AS CEDE & CO. IS THE REGISTERED OWNER OF THE NOTES, AS NOMINEE OF DTC, REFERENCES HEREIN TO THE NOTEHOLDERS OR REGISTERED OWNERS OF THE NOTES (OTHER THAN UNDER THE CAPTION "TAX MATTERS") SHALL MEAN CEDE & CO. AND SHALL NOT MEAN THE BENEFICIAL OWNERS OF THE NOTES.

Prior Redemption

The Notes are not subject to redemption prior to their stated maturity.

SECURITY AND SOURCE OF PAYMENT

The Notes are general obligations of the Township, and the Township has pledged its full faith and credit for the payment of the principal of and the interest on the Notes. The Notes are direct obligations of the Township and, unless paid from other sources, the Township is required by law to levy *ad valorem* taxes upon all the real property taxable within the Township for the payment of the principal of and the interest on the Notes without limitation as to rate or amount.

Enforcement of a claim for the payment of principal of or interest on bonds or notes of the Township is subject to applicable provisions of Federal bankruptcy law and to the provisions of statutes, if any, hereafter

enacted by the Congress of the United States or the Legislature of the State of New Jersey, providing extension with respect to the payment of principal of or interest on the Notes or imposing other constraints upon enforcement of such contracts insofar as any such constraints may be constitutionally applied. Under State law, a county, municipality or other political subdivision may file a petition under Federal bankruptcy laws and a plan for readjustment of its debt, but only after first receiving the approval of the State Municipal Finance Commission, whose powers have been vested in the Local Finance Board in the Division of Local Government Services (the "Division") in the State of New Jersey Department of Community Affairs (the "Local Finance Board").

AUTHORIZATION AND PURPOSE OF THE NOTES

The Notes are authorized and are to be issued pursuant to the Local Bond Law of the State of New Jersey, N.J.S.A. 40A:2-1 et seq., as amended (the "Local Bond Law") and adopted bond ordinances of the Township.

The bond ordinances included in the sale of the Notes were published in full or in summary form after adoption along with the statement required by the Local Bond Law that the twenty-day period of limitation within which a suit, action or proceeding questioning the validity of the authorizing bond ordinances can be commenced, began to run from the date of the first publication of such estoppel statement. The Local Bond Law provides that after issuance, all obligations shall be conclusively presumed to be fully authorized and issued by all laws of the State, and any person shall be estopped from questioning the sale or the execution or the delivery of the Notes by the Township.

The proceeds of the Notes will be used to currently refund \$15,431,931 of the Township's \$15,825,000 outstanding bond anticipation notes maturing on May 8, 2026 and adding \$1,083,069 of new money.

General Capital

<u>Ordinance No.</u>	<u>Description</u>	<u>Amount</u>
1676-20	Acq. of Fire Truck/Related Equipment	\$1,322,945
1677-20	Various Sanitary Sewer Imps.	434,834
1681-20	Imps. To Mayhill Street, Phase 1	131,451
1697-21	2021 Road Improvement Program	1,363,367
1698-21	Imps. To Mayhill Street, Phase 2	279,472
1712-21	Various Sanitary Sewer Imps.	440,556
1713-21	Police Communications System	493,894
1719-22	2022 Road Imp. Program	1,211,198
1720-22	Imps. To Municipal Bldgs/Property	344,689
1727-22	Various Public Improvements	904,689
1733-23	Imp. of Alberta Drive	320,740
1734-23	2023 Road Improvement Program	903,807
1741-23/1786-25	Various Public Improvements	2,752,000
1750-24	Imp. of Sampson Street	265,000
1751-24	2024 Road Improvement Program	895,000
1754-24	Imp. of Cambridge Avenue	184,000
1758-24	Various Public Improvements	2,419,289
1790-25	Various Park and Recreation Improvements	140,000
1791-25	Various Public Improvements	<u>943,069</u>
Total General Capital		<u>\$15,750,000</u>

Water Utility		
<u>Ordinance No.</u>	<u>Description</u>	<u>Amount</u>
1711-21	Various Water Improvements	<u>\$765,000</u>
Total Water Utility		<u>\$765,000</u>
Total Note		<u>\$16,515,000</u>

NO DEFAULT

No principal or interest payments on Township indebtedness are past due. The Township has never defaulted in the payment of any bonds or notes.

MARKET PROTECTION – BOND AND NOTE FINANCING

The Township does not contemplate issuing any bonds or tax anticipation notes during the balance of 2026. The Township may issue additional bond anticipation notes during 2026, as needed.

CERTAIN STATUTORY PROVISIONS FOR THE PROTECTION OF GENERAL OBLIGATION DEBT

Local Bond Law (N.J.S.A. 40A:2-1 et seq.)

The Local Bond Law governs the issuance of bonds and notes to finance certain general municipal and utility capital expenditures. Among its provisions are requirements that bonds must mature within the statutory period of usefulness of the projects bonded and that bonds be retired in serial installments. A 5% cash down payment is generally required toward the financing of expenditures for municipal purposes. All bonds and notes issued by the Township are general full faith and credit obligations.

The Local Fiscal Affairs Law (N.J.S.A. 40A:5-1 et seq.)

This law regulates the non-budgetary financial activities of local governments. The Chief Financial Officer of every local unit must file annually, with the Director of the Division (the “Director”), a verified statement of the financial condition of the local unit and all constituent boards, agencies or commissions.

An independent examination of the Township's accounts must be performed annually by a licensed registered municipal accountant. The audit, conforming to the Division of Local Government Services' "Requirements of Audit", includes recommendations for improvement of the local unit’s financial procedures and must be filed with the Director within eight months after the close of the fiscal year. A synopsis of the audit report, together with all recommendations made, must be published in a local newspaper within 30 days of its completion.

Debt Limits

The net authorized bonded indebtedness of the Township is limited by statute, subject to the exceptions noted below, to an amount equal to 3.50% of its average equalized valuation basis. The equalized valuation basis of the Township is set by statute as the average for the last 3 years of the equalized value of all taxable real property and improvements and certain Class II railroad property within its boundaries, as annually determined by the State Board of Taxation. Certain categories of debt are permitted by statute to be deducted for purposes of computing the statutory debt limit.

The Township has not exceeded its statutory debt limit. On December 31, 2025 (Unaudited), the statutory net debt as a percentage of average equalized valuation was 1.647%. As noted above, the statutory limit is 3.50%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Local School District Debt	\$16,165,180	\$16,165,180	\$-
Utility Debt	5,484,705	5,484,705	-
General Debt	<u>57,865,355</u>	<u>508,849</u>	<u>57,356,506</u>
	<u>\$79,515,240</u>	<u>\$22,158,734</u>	<u>\$57,356,506</u>

Exceptions to Debt Limits - Extensions of Credit

The Township may exceed its debt limit with the approval of the Local Finance Board. If all or any part of a proposed debt authorization would exceed its debt limit, the Township may apply to the Local Finance Board for an extension of credit. If the Local Finance Board determines that a proposed debt authorization would not materially impair the credit of the Township or substantially reduce the ability of the Township to meet its obligations or to provide essential public improvements and services, or make certain other statutory determinations, approval is granted. In addition, debt in excess of the statutory limit may be issued to fund certain notes, to provide for self-liquidating purposes, and, in each fiscal year, to provide for purposes in an amount not exceeding 2/3 of the amount budgeted in such fiscal year for the retirement of outstanding obligations (exclusive of utility and assessment obligations).

Short-Term Financing

The Township may sell short-term "bond anticipation notes" to temporarily finance a capital improvement or project in anticipation of the issuance of bonds, if the bond ordinance or subsequent resolution so provides. Bond anticipation notes for capital improvements may be issued in an aggregate amount not exceeding the amount specified in the ordinance, as may be amended and supplemented, creating such capital expenditure. Bond anticipation notes may be issued for periods not greater than one year. Such notes shall mature and be paid not later than the first day of the fifth month following the close of the tenth fiscal year next following the date of the original notes. At the third and at each subsequent anniversary date from the original date of issuance, the amount of notes that may be issued must be decreased by the minimum amount required for the first year's principal payment for a bond issue.

School Debt (N.J.S.A. 18A:24-1 et seq.)

New Jersey's school districts operate under the same comprehensive review and regulation as do its municipalities. Certain exceptions and differences are provided, but the state supervision of school finance closely parallels that of local governments.

School district bonds and temporary notes are issued in conformity with the cited statute, which closely parallels the Local Bond Law. Although school districts are exempted from the 5% down payment provision applicable to municipalities, they are subject to debt limits (which vary depending on the grades the school system provides), and to state regulation of their borrowing.

The Local Finance Board and the Commissioner of Education must approve any proposed authorization of debt which exceeds the statutory debt limit of a Type II district. A Type II school district has an elected board of education; a Type I school district has an appointed board and issues debt without a referendum. All authorizations of debt in a Type II school district require an approving referendum of the voters in the school district. The Township's school district is a Type II district.

All authorizations of debt must be reported to the Division of Local Government Services by means of a Supplemental Debt Statement prior to final approval to ensure that the proposed authorization is within all applicable debt limitations.

The School Bond Reserve Act, Chapter 72 of the Laws of 1980 of the State, as amended, devotes a portion of the Fund for the Support of Free Public Schools as security for payment of school bonds.

The Municipal Finance Commission (N.J.S. 52:27-1 et seq.)

The Municipal Finance Commission was created in 1931 to assist in the financial rehabilitation of municipalities which had defaulted in their obligations. The powers of such Commission are exercised today by the Local Finance Board. Several elements of the local finance system are intended to prevent default on obligations or occurrence of severe fiscal difficulties in any local unit. Should extreme economic conditions adversely affect any local unit, the statutory provisions are available to assist in restoring the stability of the local unit.

Any holder of bonds or notes which are in default for over sixty (60) days (for payment of principal or interest) may bring action against such municipality in the Superior Court of New Jersey. Any municipality may declare itself unable to meet its obligations and bring action in such court. In either case, the court's determination that the municipality is in default or unable to meet its obligations may place the municipality under the jurisdiction of the Municipal Finance Commission.

The Municipal Finance Commission exercises direct supervision over the finances and accounts of any local unit under its jurisdiction. Such commission is authorized to appoint an auditor to examine and approve all claims against the municipality and to serve as comptroller for that community. The Commission is also directed to supervise tax collections and assessments, to approve the funding of municipal school district indebtedness, the adjustment or composition of the claims of creditors, and the readjustment of debts under the Federal Municipal Bankruptcy Act.

The Local Finance Board also serves as the "funding commission" to exercise supervision over the funding or refunding of local government debt. Any county or municipality seeking to adjust its debt service must apply to and receive the approval of such funding commission for the proposed reorganization of its debt.

Investment of Municipal Funds

Investment of funds by New Jersey municipalities is governed by State statute. Pursuant to N.J.S.A. 40A:5-15.1, municipalities are limited to purchasing the following securities: (1) direct obligations of, or obligations guaranteed by, the United States of America ("U.S. Government Securities"); (2) government money market mutual funds invested in U.S. Government Securities or obligations of New Jersey school districts, municipalities, counties and entities subject to State regulation ("local obligations"); (3) obligations of Federal Government agencies or instrumentalities having a maturity of 397 days or less, provided such obligations bear a fixed rate of interest not dependent on any index or external factor; (4) bonds or other obligations of the particular municipality or a school district encompassing the geographic area of the particular municipality; (5) bonds or other obligations having a maturity of 397 days or less (a) constituting local obligations or (b) approved by the Division of Local Government Services of the State Department of Community Affairs; (6) local government investment pools, rated in the highest rating category, investing in U.S. government securities, local obligations and repurchase agreements fully collateralized by securities set forth in (1), (3) and (5) above; (7) deposits with the New Jersey Cash Management Fund (created pursuant to N.J.S.A. 52:18A-90.4; the "Cash Management Fund"); and (8) repurchase agreements with a maximum 30 day maturity fully collateralized by securities set forth in (1) and (3) above or local obligations. Municipalities are required to deposit their funds in interest-bearing bank accounts in banks satisfying certain security requirements set forth in N.J.S.A. 17:9-41 et seq., or invest in permitted investments to the extent practicable, and may invest in bank certificates of deposit.

The Cash Management Fund is governed by regulations of the State Investment Council, a non-partisan oversight body, and is not permitted to invest in derivatives. The Cash Management Fund is permitted to invest in U.S. Government Securities, Federal Government Agency obligations, certain short-term investment-grade corporate obligations, commercial paper rated "prime", certificates of deposit, repurchase agreements involving U.S. Government Securities and Federal Government Agency obligations and certain other types of instruments. The average maturity of the securities in the Cash Management Fund must be one year or less, and only a quarter of the securities are permitted to mature in as much as two years.

The Township has no investments in derivatives.

MUNICIPAL BUDGET

Pursuant to the Local Budget Law (N.J.S.A. 40A:4-1 et seq.) the Township is required to have a balanced budget in which debt service is included in full for each fiscal year.

The Local Budget Law (N.J.S.A. 40A:4-1 et seq.)

The foundation of the New Jersey local finance system is the annual cash basis budget. Every local unit must adopt a budget in the form required by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. Items of revenue and appropriation are regulated by law and must be certified by the Director of the Division prior to final adoption of the budget. The Local Budget Law requires each local unit to appropriate sufficient funds for payment of current debt service, and the Director is required to review the adequacy of such appropriations, among others, for certification.

The Director has no authority over individual operating appropriations, unless a specific amount is required by law, but the review functions focusing on anticipated revenues serve to protect the solvency of all local units. Tax anticipation notes are limited in amount by law and must be paid in full within 120 days of the close of the fiscal year. The cash basis budgets of local units must be in balance, i.e., the total of anticipated revenues must equal the total of appropriations (N.J.S.A. 40A:4-22). If in any year a local unit's expenditures exceed its realized revenues for that year, then such excess must be raised in the succeeding year's budget.

Limitations on Municipal Appropriations and Tax Levy

A statute passed in 1976, as amended and supplemented (N.J.S.A. 40A:4-45.1 et seq.), commonly known as the "Cap Law", imposed limitations on increases in municipal appropriations subject to various exceptions. While the Cap Law restricts the ability of a municipality to increase its overall appropriations, the payment of debt service is an exception from this limitation. The Cap formula is somewhat complex, but basically, it permits a municipality to increase its overall appropriations by the lesser of 2.5% or the Cost-of-Living Adjustment ("COLA"). Increases up to 3.5% are allowed by adoption of an ordinance whenever the COLA is less than 2.5%. If the COLA is greater than 2.5%, an increase in any amount above 2.5% will be permitted by adoption of an ordinance to 3.5% and beyond 3.5% upon passage of a referendum. The COLA is the rate of annual percentage increase in the Implicit Price Deflator for State and Local Government purchases of goods and services computed by the U.S. Department of Commerce. Exceptions to the limitations imposed by the Cap Law also exist for other items including capital expenditures; extraordinary expenses approved by the Local Finance Board for implementation of an interlocal services agreement; expenditures mandated as a result of certain emergencies; and certain expenditures for services mandated by law. The Cap Law does not limit the obligation of the Township to levy *ad valorem* taxes upon all taxable real property within the Township to pay debt service.

Chapter 62 of the Pamphlet Laws of 2007 imposed restrictions upon the allowable annual increase in the tax levy. In general, starting with the 2008 budgets for calendar year municipalities and 2009 budgets for fiscal year municipalities, municipalities have their tax levies limited to a four percent (4%) increase. The cap

calculation is subject to various adjustments, such as the value of increased assessments, and allows for an increase in the adjusted tax levy for various items, including amounts required to be added to the adjusted tax levy for increases in debt service, amounts required to replace reductions in State formula aid, certain increased pension contributions, increases greater than four percent (4%) in the reserve for uncollected taxes, and increases in health care costs in excess of four percent (4%) (but not in excess of the percentage increase in the State Health Benefits Program). The law also allows the Local Finance Board to grant waivers for extraordinary circumstances (some of which are defined in the Law) and authorizes a municipality to submit a public question to the voters for approval (by an affirmative vote of at least sixty percent (60%)) to increase the amount to be raised by taxation by more than the allowable adjusted tax levy.

For municipalities, the levy cap is in addition to the existing appropriation cap; both cap laws must be met. Neither cap law limits the obligation of the Township to levy *ad valorem* taxes upon all taxable real property within the Township to pay debt service.

On July 13, 2010, P.L. 2010, c. 44 was approved, effective for budget years following enactment (the 2011 budget for the Township) reducing the tax levy cap to 2% and limiting the exclusions to amounts required to be raised by taxation for debt service as defined by law, certain pension contributions and health care costs in excess of 2% and extraordinary costs directly related to a declared emergency. Voter approval may be requested to increase the amount to be raised by taxation by more than the allowable adjusted tax levy. Chapter 44 eliminated the process for obtaining waivers for additional spending under the tax levy limitation.

The Township's appropriation and tax levy increase for 2011 through 2025, inclusive, were within the limits allowed under the CAP Law, taking into account applicable adjustments and without conducting a referendum to exceed the cap limits. To date, the Township's budget for 2026 has not been introduced.

Miscellaneous Revenues

The Local Budget Law (N.J.S.A. 40A:4-26) provides that: "No miscellaneous revenues from any source shall be included as an anticipated revenue in the budget in an amount in excess of the amount actually realized in cash from the same source during the next preceding fiscal year, unless the Director shall determine upon application by the governing body that the facts clearly warrant the expectation that such excess amount will actually be realized in cash during the fiscal year and shall certify such determination, in writing, to the local unit.

No budget or amendment thereof shall be adopted unless the Director shall have previously certified his approval of such anticipated revenues except that categorical grants-in-aid contracts may be included for their face amount with an offsetting appropriation of like amount. The fiscal years for such grants rarely coincide with the municipality's fiscal year. However, grant revenue is generally not realized until received in cash.

Real Estate Taxes

The same general principle that revenue cannot be anticipated in a budget in excess of that realized in the preceding year applies to property taxes. N.J.S.A. 40A:4-29 governs anticipation of delinquent tax collections: "The maximum which may be anticipated is the sum produced by multiplication of the amount of delinquent taxes unpaid and owing to the local unit on the first day of the current fiscal year by the percentage of collection of delinquent taxes for the year immediately preceding the current fiscal year."

N.J.S.A. 40A:4-41 provides with regard to current taxes that: "Receipts from the collection of taxes levied or to be levied in the municipality, or in the case of a county for general county purposes and payable in the fiscal year, shall be anticipated in an amount which is not in excess of the percentage of taxes levied and payable during the next preceding fiscal year which was received in cash by the last day of the preceding fiscal year."

This provision and N.J.S.A. 40A:4-40 require that an additional amount (the "reserve for uncollected taxes") be added to the tax levy required to balance the budget so that when the percentage of the prior year's tax collection is applied to the combined total, the product will at least be equal to the tax levy required to balance the budget.

The reserve requirement is calculated as follows:

$$\frac{\text{Levy required to balance budget}}{\text{Prior Year's Percentage of Current Tax Collection (or lesser \%)}} = \text{Total Taxes to be Levied}$$

Chapter 28 of the Pamphlet Laws of 1997 of New Jersey amended Section 41 of the Local Budget Law to allow municipalities to reduce the reserve for uncollected taxes by taking into account prior year tax reductions resulting from tax appeal judgments awarded to property owners. Another statute, Chapter 99 of the Pamphlet Laws of 1997 of New Jersey, allows a municipality to (1) reduce the reserve for uncollected tax by deducting receipts anticipated during the fiscal year from the sale of unpaid taxes or municipal liens when such sale is concluded in the final month of the fiscal year or (2) not budget for the reserve for uncollected taxes if it sells its total property tax levy pursuant to such statute. See "ASSESSMENT AND COLLECTION OF TAXES - Tax Collection Procedure" herein for a brief discussion of Chapter 99.

Deferral of Current Expenses

Emergency appropriations (those made after the adoption of the budget and the determination of the tax rate) may be authorized by the governing body of the municipality. However, with minor exceptions, such appropriations must be included in full in the following year's budget.

The exceptions are certain enumerated quasi-capital projects ("special emergencies") such as ice, snow, and flood damage to streets, roads and bridges, which may be amortized over three years, and tax map preparation, property revaluation programs, revision and codification of ordinances, master plan preparations, and drainage map preparation for flood control purposes which may be amortized over five years. Of course, emergency appropriations for capital projects may be financed through the adoption of a bond ordinance and amortized over the useful life of the project.

Budget Transfers

Budget transfers provide a degree of flexibility and afford a control mechanism. Transfers between appropriation accounts may be made only during the last two months of the year. Appropriation reserves may be transferred during the first three (3) months of the year to the previous years' budget. Both types of transfers require a 2/3 vote of the full membership of the governing body, however, transfers cannot be made from either the down payment account or the capital improvement fund. Transfers may be made between sub-account line items within the same account at any time during the year, subject to approval by the governing body.

Operation of Utilities

Municipal public utilities are supported by the revenues generated by the respective operations of the utilities in addition to the general taxing power upon real property.

For each utility, there is established a separate budget. The anticipated revenues and appropriations for each utility are set forth in the separate budget. The budget is required to be balanced and to provide fully for debt service. The regulations regarding anticipation of revenues and deferral of charges apply equally to the budgets of the utilities.

Deficits or anticipated deficits in utility operations which cannot be provided for from utility surplus, if any, are required to be raised in the "Current" or operating budget.

Fiscal Year

The Township's fiscal year is the calendar year. Chapter 75 of the Pamphlet Laws of 1991 of the State (codified as N.J.S.A. 40A:4-3.1) required municipalities with populations in excess of 35,000 or that received Municipal Revitalization Aid from the State in 1990 or 1991 to change their fiscal year from the calendar year to the State fiscal year (July 1 to June 30), unless an exemption was granted. Municipalities not meeting the criteria for a mandatory change had the option to choose to change to the State fiscal year. N.J.S.A. 40A:4-3.1 was amended by P.L. 2000, c. 126, to eliminate the criteria for mandatory change of the fiscal year, but to continue to grant all municipalities the option to change to the State fiscal year. In addition, P.L. 2008, c. 92, further amended N.J.S.A. 40A:4-3.1 to allow municipalities operating on a fiscal year basis to revert to a calendar year. The Township did not meet the criteria to change to the State fiscal year and does not presently intend to optionally make such a change in the future.

Budget Process

Primary responsibility for the Township's budget process lies with the Mayor and Council. As prescribed by the Local Budget Law, adoption should occur by the end of March, however, extensions may be granted by the Division to any local governmental unit. In the first quarter in which the budget formulation is taking place, the Township operates under a temporary budget which may not exceed 35% of the previous fiscal year's adopted budget. In addition to the temporary budget, the Township may approve emergency temporary appropriations for any purpose for which appropriations may lawfully be made.

Capital Budget

In accordance with the Local Budget Law, the Township must adopt and may from time to time amend rules and regulations for capital budgets, which rules and regulations must require a statement of capital undertakings underway or projected for a period of the next ensuing six years as a general improvement program. The capital budget, when adopted, does not constitute the approval or appropriation of funds, but sets forth a plan of the possible capital expenditures which the local unit may contemplate over the next six years. Expenditures for capital purposes may be made either by ordinances adopted by the governing body setting forth the items and the method of financing or from the annual operating budget if the items were detailed.

ASSESSMENT AND COLLECTION OF TAXES

Tax Collection Procedure

Real property taxes are assessed locally, based upon an assessment at true value. The tax bill includes a levy for Township, County and School purposes. Tax bills are mailed annually in June. Taxes are payable in four quarterly installments on February 1, May 1, August 1 and November 1. If unpaid on these dates, the amount due becomes delinquent and subject to interest at 8% per annum, or 18% on any delinquency amount in excess of \$1,500, and an additional penalty of 6% on delinquent taxes in excess of \$10,000. The school levy is turned over to the Board of Education as expenditures are incurred, and the balance, if any, is transferred as of June 30 of each fiscal year. County taxes are paid quarterly on February 15, May 15, August 15 and November 15 to the County by the Township. Annually, all properties with unpaid taxes for the previous year are placed in a tax sale in accordance with the New Jersey Statutes. Annual interim tax foreclosure proceedings are instituted to enforce the tax collection or acquisition of title to the property by the Township.

Chapter 99 of the Pamphlet Laws of 1997 of New Jersey allows a municipality to sell its total property tax levy to the highest bidder either by public sale with sealed bids or by public auction. The

purchaser shall pay the total property tax levy bid amount in quarterly installments or in one annual installment. Property taxes will continue to be collected by the municipal tax collector and the purchaser will receive as a credit against his payment obligation, the amount of taxes paid to the tax collector. The purchaser is required to secure his payment obligation to the municipality by an irrevocable letter of credit or a surety bond. The purchaser is entitled to receive delinquent taxes and other municipal charges collected by the tax collector. The statute sets forth bidding procedures and minimum bidding terms and requires the review and approval of the sale by the Division of Local Government Services.

Tax Appeals

New Jersey statutes provide a taxpayer with remedial procedures for appealing an assessment deemed excessive. The taxpayer has a right to petition the Bergen County Tax Board on or before the first day of April of the current tax year for review. The Bergen County Tax Board has the authority after a hearing to decrease or reject the appeal petition. These adjustments are usually concluded within the current tax year and reductions are shown as canceled or remitted taxes for that year. If the taxpayer feels his petition was unsatisfactorily reviewed by the Bergen County Tax Board, appeal may be made to the State Department of Taxation, Division of Tax Appeal, for a further hearing. State tax appeals tend to take several years prior to settlement, and any losses in tax collections from prior years are charged directly to operations or with the permission of the Local Finance Board may be financed, generally, over a three to five year period. In addition, pursuant to Assembly Bill No. 2004, signed into law on August 9, 2019, commercial tax appeal refunds exceeding \$100,000 may be paid to the property owner, with interest, in substantially equal payments within a three year period - rather than within sixty days of the final judgment (the standard period for refunds).

Further, pursuant to Assembly Bill No. 862, signed into law on January 18, 2022, residential tax appeal refunds, or commercial tax appeal refunds exceeding \$100,000, may be paid to the property owner, with interest, as a credit against the balance of property taxes that become due within a three-year period, with any excess after three years being paid immediately.

TAX MATTERS

Federal Income Taxes

The Internal Revenue Code of 1986, as amended (the "Code"), establishes certain requirements that must be met subsequent to the issuance and delivery of the Notes in order that interest on the Notes be and remain excluded from gross income of the owners thereof for federal income tax purposes pursuant to Section 103 of the Code. Such requirements include requirements relating to the use and investment of proceeds of the Notes and other amounts and rebate of certain arbitrage earnings to the United States. Noncompliance by the Township with such requirements may cause interest on the Notes to be included in gross income of the owners thereof retroactive to the date of issuance of the Notes, regardless of when such noncompliance occurs.

The Township has covenanted, to the extent permitted by the Constitution and the laws of the State, to do and perform all acts and things permitted by law and necessary to assure that interest paid on the Notes be and remain excluded from gross income of the owners thereof for federal income tax purposes pursuant to Section 103 of the Code. The Township's Tax Certificate (the "Tax Certificate"), which will be delivered concurrently with the delivery of the Notes, will contain provisions and procedures regarding compliance with the requirements of the Code. The Township, in executing the Tax Certificate, will certify to the effect that the Township expects and intends to comply with the provisions and procedures contained therein.

In rendering the opinion described below with respect to the Notes, Bond Counsel has relied upon the covenant and has assumed the material accuracy of the representations, statements of intention and reasonable expectations, and certifications of fact contained in the Tax Certificate.

Tax Opinions

In the opinion of Rogut McCarthy LLC, Bond Counsel to the Township, assuming compliance by the Township with the Tax Certificate, under existing law, interest on the Notes is excluded from gross income of the owners thereof for Federal income tax purposes pursuant to Section 103 of the Code. In addition, under existing law, interest on the Notes is not treated as a preference item for purposes of the alternative minimum tax imposed under the Code with respect to individuals; however, interest on the Notes that is included in the "adjusted financial statement income" of certain corporations is not excluded from the Federal corporate alternative minimum tax. For other Federal tax information, see "Tax Matters - Additional Federal Income Tax Consequences" herein.

In the opinion of Bond Counsel, under the New Jersey Gross Income Tax Act, as enacted and construed on the date hereof, interest on the Notes and any gain from the sale of the Notes are not includable in gross income of the holders thereof.

Additional Federal Income Tax Consequences

Prospective purchasers of the Notes should be aware that ownership of governmental obligations, such as the Notes, may have collateral Federal income tax consequences for certain taxpayers, including financial institutions, property and casualty insurance companies, S Corporations, certain foreign corporations, individual recipients of Social Security or Railroad Retirement benefits, taxpayers otherwise eligible for the earned income credit and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry such obligations. Prospective purchasers should consult their tax advisors as to any possible collateral consequences from the ownership of the Notes. Bond Counsel expresses no opinion regarding any such collateral Federal income tax consequences.

Proposals for Tax Changes

From time to time, there are Presidential proposals, proposals of various federal committees, and legislative proposals in the Congress and in the states that, if enacted, could alter or amend the federal and state tax matters referred to herein or adversely affect the marketability or market value of the Notes or otherwise prevent holders of the Notes from realizing the full benefit of the tax exemption of interest on the Notes. Further, such proposals may impact the marketability or market value of the Notes simply by being proposed. It cannot be predicted whether or in what form any such proposal might be enacted or whether if enacted it would apply to notes issued prior to enactment. In addition, regulatory actions are from time to time announced or proposed and litigation is threatened or commenced which, if implemented or concluded in a particular manner, could adversely affect the market value, marketability or tax status of the Notes. It cannot be predicted whether any such regulatory action will be implemented, how any particular litigation or judicial action will be resolved, or whether the Notes would be impacted thereby.

Purchasers of the Notes should consult their tax advisors regarding any pending or proposed legislation, regulatory initiatives or litigation. The disclosures and opinions expressed herein are based upon existing legislation and regulations as interpreted by relevant judicial and regulatory authorities as of the date of issuance and delivery of the Notes, and no opinion is expressed as of any date subsequent thereto or with respect to any proposed or pending legislation, regulatory initiatives or litigation.

ALL POTENTIAL PURCHASERS OF THE NOTES SHOULD CONSULT WITH THEIR TAX ADVISORS IN ORDER TO UNDERSTAND THE IMPLICATIONS OF THE CODE.

STATEMENT OF LITIGATION

To the knowledge of the Township Attorney, there is no litigation of any nature now pending or threatened that seeks to restrain or enjoin the issuance or the delivery of the Notes, the levy or the collection of any taxes to pay the principal of or the interest on the Notes or in any manner questioning the authority or the

proceedings for the issuance of the Notes or for the levy or the collection of the taxes, affecting the validity of the Notes or the levy or the collection of taxes or contesting the corporate existence or the boundaries of the Township or the title of any of the present officers of the Township to their respective offices.

Additionally, there is at present no single action pending or threatened against the Township which would impose an undue financial burden on the Township. In New Jersey's courts of general jurisdiction, unliquidated money damages are pleaded generally without specifying a dollar amount. The Township is a party-defendant in certain lawsuits, none of a kind unusual for a municipality of its size, and none of which, in the opinion of the Township Attorney, would adversely impair the Township's ability to pay its noteholders. All of the Township's tort actions are being defended by either an insurance company or insurance underwriters. Pending municipal real estate tax appeals are limited in number and based upon the Township's prior experience in tax appeals, and assuming that such tax appeals are resolved adversely to the interest of the Township, such resolution would not in any way endanger the Township's ability to pay its noteholders.

LEGALITY FOR INVESTMENT

The State and all public officers, municipalities, counties, political subdivisions and public bodies, and agencies thereof, all banks, bankers, trust companies, savings and loan associations, savings banks and institutions, building and loan associations, investment companies, and other persons carrying on banking business, all insurance companies, and all executors, administrators, guardians, trustees, and other fiduciaries may legally invest any sinking funds, moneys or other funds belonging to them or within their control in any obligations of the Township, including the Notes, and such Notes are authorized security for any and all public deposits.

RATING

Moody's Investor Services (the "Rating Agency") has assigned a rating of "MIG 1" to the Notes.

The rating reflects only the view of the Rating Agency and an explanation of the significance of such rating may only be obtained from the Rating Agency at the following address: 7 World Trade Center, 250 Greenwich Street, New York, New York 10007. The Township forwarded to the Rating Agency certain information and materials concerning the Notes and the Township. There can be no assurance that such rating will be maintained for any given period of time or that such rating will not be raised, lowered or withdrawn entirely if, in the Rating Agency's judgment, circumstances so warrant. Any downward change in, or withdrawal of, such rating may have an adverse effect on the marketability or market price of the Notes.

UNDERWRITING

The Notes have been purchased at a public sale from the Township for resale by _____ (the "Underwriter").

The Underwriter has agreed, subject to certain conditions, to purchase all but not less than all of the Notes. If all the Notes are sold at the public offering price or at the yield set forth on the cover page of this Official Statement, the Underwriter anticipates total selling compensation of \$ _____.*. The public offering price or yield on the Notes may be changed from time to time by the Underwriter without notice. The Notes may be offered and sold to dealers, including the Underwriter and dealers acquiring the Notes for their own account or any account managed by them, at prices lower than the public offering price.

* Information obtained from the Underwriter.

DOCUMENTS ACCOMPANYING DELIVERY OF THE NOTES

Absence of Litigation

Upon delivery of the Notes, the Township shall furnish a certificate of the Township Attorney, dated the date of delivery of the Notes, to the effect that there is no litigation of any nature pending or threatened to restrain or enjoin the issuance, sale, execution or delivery of the Notes, or in any way contesting or affecting the validity of the Notes or any of the proceedings taken with respect to the issuance and sale thereof or the application of moneys to the payment of the Notes. In addition, such certificate shall state that there is no litigation of any nature now pending or threatened by or against the Township wherein an adverse judgment or ruling could have a material adverse impact on the financial condition of the Township, or adversely affect the power of the Township to enforce the collection of taxes or other revenues for the payment of its bonds and notes, which has not been disclosed in this Official Statement.

Legal Matters

The legality of the Notes will be subject to the approving opinion of Rogut McCarthy LLC, Cranford, New Jersey, Bond Counsel. Such opinion will be to the effect that:

1. The Notes have been duly authorized, executed and delivered and constitute valid and legally binding obligations of the Township, enforceable in accordance with their terms, except as enforcement of the Notes may be limited by bankruptcy, insolvency, reorganization, moratorium, liquidation or other laws relating to or affecting the enforcement of creditors' rights generally now or hereafter in effect to the extent constitutionally applicable, and enforcement may also be subject to the exercise of judicial discretion in certain cases.
2. The Township has pledged its full faith and credit for the payment of the principal of and interest on the Notes, and unless paid from other sources, the Township is authorized and required by law to levy on all real property taxable by the Township such *ad valorem* taxes as may be necessary to pay the Notes and the interest thereon, without limitation as to rate or amount.

Rogut McCarthy LLC has not verified the accuracy, completeness or fairness of the statements contained in this Official Statement and will not express, and has not been requested to express, an opinion as to the accuracy, completeness or fairness of such statements. See "Appendix C – Proposed Form of Bond Counsel Opinion" herein.

Certificates of Township Officials

The original purchasers of the Notes shall also receive a certificate, dated as of the date of delivery of the Notes and signed by the Chief Financial Officer that (a) as of the date of the Official Statement furnished by the Township in relation to the Notes, said Official Statement did not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements contained therein, in light of the circumstances under which they were made, not misleading, subject to the condition that while information in said Official Statement obtained from sources other than the Township is not guaranteed as to accuracy, completeness or fairness, such officer has no reason to believe and does not believe that such information is materially inaccurate or misleading, and (b) to the knowledge of such officer, since the date of said Official Statement and since the date of the sale of the Notes, there have been no material transactions not in the ordinary course of affairs entered into by the Township and no material adverse change in the general affairs of the Township or in its financial condition as shown in said Official Statement, other than as disclosed in or contemplated by said Official Statement, provided such certificate shall not include consideration of information supplied by, or that should have been supplied by, the successful bidders for the Notes. In addition, the original purchasers of the Notes shall also receive certificates in form satisfactory to Rogut McCarthy LLC, Bond Counsel, evidencing the proper execution and delivery of the Notes and receipt of payment therefor and a certificate, dated as of the date of delivery of the Notes and signed by the officers who

signed the Notes, stating that no litigation is then pending or, to the knowledge of such officers, threatened to restrain or enjoin the issuance or delivery of the Notes or the levy or collection of taxes to pay the Notes or the interest thereon, or questioning the validity of the statutes or the proceedings under which the Notes are issued, and that neither the corporate existence or boundaries of the Township, nor the title of the said officers to their respective offices, is being contested.

INFECTIOUS DISEASE OUTBREAK – COVID-19

In early March of 2020, the World Health Organization declared a pandemic following the global outbreak of COVID-19, a respiratory disease caused by a newly discovered strain of coronavirus. On March 13, 2020, the President of the United States declared a national public health emergency to unlock federal funds and assistance to help states and local governments fight the pandemic. The Governor of the State declared a state of emergency and a public health emergency on March 9, 2020. In response to the COVID-19 pandemic, federal and State legislation and executive orders were implemented to, among other things, provide relief to state and local governments, including the American Rescue Plan Act of 2021 (the “Plan”). The pandemic and certain mitigation measures, which altered the behavior of businesses and people, have had and may continue to have negative impacts on regional, State and local economies. The national public health emergency and the State public health emergency have since ended, while the state of emergency declared by the State and several executive orders signed by the Governor remain to manage COVID-19 on an endemic level.

To date, the overall finances and operations of the Township have not been materially adversely affected by the COVID-19 pandemic. Nonetheless, there can be no assurance regarding the extent to which the COVID-19 pandemic, or any other national health crisis or pandemic, may impact the national, State or local economies in the future, nor how any such event may materially adversely impact municipalities, including the Township. The Township cannot quantify any such impacts at this time.

The Plan, signed into law on March 11, 2021, provided \$1.9 trillion in relief designed to provide funding to address the COVID-19 pandemic and alleviate the economic and health effects of the COVID-19 pandemic. For municipalities with populations less than 50,000, such as the Township, the relief funds were distributed by the State. The relief funds were received from the State in two equal payments, one within 30 days of receipt of the funding by the State and the balance no earlier than 12 months from the initial payment. The deadline to obligate the funds was December 31, 2024, and to spend them is December 31, 2026. The Township received the full amount of its relief funds in the amount of \$1,419,514.94. The Township utilized all of those funds to replace lost public sector revenues.

SECONDARY MARKET DISCLOSURE

The Township has a limited secondary market disclosure obligation pursuant to Rule 15c2-12(d)(3) because the Notes have a stated maturity of 18 months or less. In accordance with such exemption from full secondary market disclosure, the Township will agree, pursuant to a continuing disclosure certificate to be executed on the date of issuance of the Notes, to undertake for the benefit of the Noteholders and the beneficial owners of the Notes to provide certain secondary market disclosure information pursuant to Rule 15c2-12 to the Municipal Securities Rulemaking Board (the “MSRB”) in an electronic format, as prescribed by the MSRB. Specifically, the Township will do the following for the benefit of the holders of the Notes and the beneficial owners thereof:

Provide or cause to be provided in a timely manner not in excess of ten business days after the occurrence of the event, notice of the occurrence of any of the following events with respect to the Notes or financial obligations of the Township:

- (1) Principal or interest payment delinquencies;
- (2) Non-payment related defaults, if material;
- (3) Unscheduled draws on debt service reserves reflecting financial difficulties;

- (4) Unscheduled draws on credit enhancements reflecting financial difficulties;
- (5) Substitution of credit or liquidity providers, or their failure to perform;
- (6) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Notes, or other material events affecting the tax status of the Notes;
- (7) Modifications to the rights of Noteholders, if material;
- (8) Note calls, if material, and tender offers;
- (9) Defeasances;
- (10) Release, substitution or sale of property which secures the repayment of the Notes, if material;
- (11) Rating changes;
- (12) Bankruptcy, insolvency, receivership or similar event of the Township (the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the Township in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Township, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Township);
- (13) The consummation of a merger, consolidation, or acquisition involving the Township or the sale of all or substantially all of the assets of the Township, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
- (14) Appointment of a successor or additional trustee or the change of name of a trustee, if material;
- (15) Incurrence of a financial obligation of the Township, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the Township, any of which affect Noteholders, if material; and
- (16) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the Township, any of which reflect financial difficulties.

The Township intends the words used in paragraphs (15) and (16) and the definition of "financial obligation" to have the meanings ascribed to them in SEC Release No. 34-83885 (August 20, 2018).

All documents provided to the MSRB shall be accompanied by identifying information as prescribed by the MSRB.

If the Township fails to comply with the above-described undertaking, any Noteholder or beneficial owner of the Notes may pursue an action for specific performance to enforce the rights of all Noteholders and beneficial owners with respect to such undertaking; *provided, however*, that failure to comply with such undertaking shall not be an event of default and shall not result in any acceleration of payment of the Notes or any liability by the Township for monetary damages. All actions shall be instituted, had and maintained in the manner provided in this paragraph for the benefit of all Noteholders and beneficial owners of the Notes.

The Township reserves the right to terminate its obligation to provide notice of material events, as set forth above, if and when the Township no longer remains an "obligated person" with respect to the Notes within the meaning of Rule 15c2-12.

The undertaking may be amended by the Township from time to time, without the consent of the Noteholders or the beneficial owners of the Notes, in order to make modifications required in connection with a change in legal requirements, a change in law or a change in identity, nature, type of operation or status of the Township, which in the opinion of nationally recognized bond counsel complies with Rule 15c2-12 and does not, in such bond counsel's opinion, materially impair the interests of the Noteholders and the beneficial owners of the Notes.

The Township previously failed to file, in accordance with Rule 15c2-12, in a timely manner, under previous filing requirements its (i) annual audited financial statements for the fiscal years ending December 31, 2020, 2021, 2022 and 2023, (ii) annual operating data for the fiscal years ending December 31, 2020 and 2023 and (iii) most recent adopted budget for the fiscal years ending December 31, 2021 and 2024. Additionally, the Township acknowledges that it previously failed to file, in a timely manner, late filing notices in connection with its late filings of such annual financial information. Such financial information and notices of late filings have been filed with the MSRB's Electronic Municipal Market Access Dataport ("EMMA") as of the date of this Official Statement. The Township has appointed Wielkottz & Company, LLC, Pompton Lakes, New Jersey, to serve as continuing disclosure agent/dissemination agent to assist in the filing of certain information with EMMA as required under its obligations.

FINANCIAL STATEMENTS

The financial statements of the Township for the years ended December 31, 2024 and 2023 are presented in Appendix B to this Official Statement (the "Financial Statements"). The Financial Statements have been audited by Wielkottz & Company, LLC, Pompton Lakes, New Jersey, an independent auditor (the "Auditor"), as stated in its report appearing in Appendix B to this Official Statement. See "Appendix B – Independent Auditor's Report and Financial Statements".

PREPARATION OF OFFICIAL STATEMENT

The Auditor takes responsibility for the financial statements to the extent specified in the Independent Auditor's Report.

The Auditor assisted in the preparation of information contained in this Official Statement and information has been obtained from sources which the Auditor considers to be reliable but they make no warranty, guarantee or other representation with respect to the accuracy and completeness of such information.

All other information has been obtained from sources which the Township considers to be reliable and the Township makes no warranty, guaranty or other representation with respect to the accuracy and completeness of such information.

ADDITIONAL INFORMATION

Inquiries regarding this Official Statement, including requests for information additional to that contained herein, may be directed to the Township of Saddle Brook, 55 Mayhill Street, Saddle Brook, New Jersey, 07663, Vincent Buono, Chief Financial Officer, (201) 587-2904, ext. 205.

MISCELLANEOUS

This Official Statement is not to be construed as a contract or agreement between the Township and the purchasers or holders of any of the Notes. Any statements made in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended merely as opinions and not as representations of fact. The information and expressions of opinion contained herein are subject to change without notice and neither the delivery of this Official Statement nor any sale of Notes made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Township

since the date hereof. The information contained in the Official Statement is not guaranteed as to accuracy or completeness.

This Official Statement has been duly executed and delivered by the Chief Financial Officer on behalf of the Township.

**TOWNSHIP OF SADDLE BROOK, IN THE
COUNTY OF BERGEN, NEW JERSEY**

By: /s/ _____
Vincent Buono
Chief Financial Officer

Dated:

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APPENDIX A

**ECONOMIC AND DEMOGRAPHIC INFORMATION RELATING TO
THE TOWNSHIP OF SADDLE BROOK**

APPENDIX A

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**GENERAL INFORMATION REGARDING
THE TOWNSHIP OF SADDLE BROOK
IN THE COUNTY OF BERGEN, NEW JERSEY**

Saddle Brook History

The Township of Saddle Brook (the “Township”) was originally part of Saddle River Township which was created in the early 1700's within the area known as New Barbadoes. Barbadoes is an island in the British West Indies, and New Barbadoes was the name chosen by the English settlers in that area.

Saddle River Township derived its name from its resemblance to a saddle before its boundaries were changed. It was bounded on the north by Ridgewood, south by Lodi, east by Saddle River (named from the Township) and west by the Passaic River. It is among the oldest Townships in Bergen County. In 1724, the Township seceded from New Barbadoes. As time passed, other towns were carved from Saddle River Township. Among the towns that were part of the original community were Ridgewood, Ho-Ho-Kus, Franklin, Garfield, East Paterson (now known as Elmwood Park), and Fair Lawn. Franklin separated from Saddle River in about 1772. Ridgewood and Ho-Ho-Kus seceded at this time also in order to form their own governments. The Township was incorporated in 1798. Garfield seceded in 1898, East Paterson in 1916, and Fair Lawn was the last to secede in 1924. With each secession, the Township was reduced in size until it reached its present size of 2.7 square miles.

Agriculture and small scale dairy farming predominated in the Township under the first decade of the 20th century. Some of the large farms included the Leswings, Ochs, Hubschmitt, DeChimony, Bowen, Cogger and Pehle farms. Some of the dairy farms included Clover Farms, Friesian Dairy, Midland Farms Dairy, and Wagner Dairy Farms. Chicken farming was also very popular, and Frank Meyer's Poultry Farm supplied them fresh from his farm on Market Street.

At the time of the Revolutionary War, Saddle River Road was an Indian trail and during the Colonial Era was a well traveled wagon route to Newark. In those days, the road was called “Old Swamp Lane”, a name that lived several generations and was used on Township maps earlier in the century. During the Centennial celebration of 1876, the area was dotted with farms. Its economy was based largely on the growing of fruits and vegetables to which the soil and climate were suited.

The 1900's brought considerable change to the area. An increase in population and commercial growth greatly altered the landscape of the farms and woodlands. In the 1920's, cars replaced horse drawn carriages and bus service between the area and other Bergen County towns began. During this same time period, streetlights replaced gas lamps on Saddle River Road and sidewalks were constructed in 1929.

In the 1950's, the Township's population grew rapidly and the town fathers wanted to establish a post office to serve private homes and attract new business. A post office committee was formed by the Chamber of Commerce in 1953, and its members learned that a name change was necessary since there were two other towns with similar names in Bergen County (Upper Saddle River and the Borough of Saddle River). The citizens voted to change the name of the Township on November 8, 1955. The Saddle Brook Post Office was dedicated on January 6, 1960.

Governmental Structure

The Township's government is a party system under the Faulkner Act governed by a Mayor and five (5) Council people. The Township provides essential public services such as refuse collection, police protection, education, fire suppression and prevention, library, recreation, and other important services which impact the everyday lives of residents.

Geographical Location and Size

The Township is located in Bergen County, New Jersey just 8 miles west of New York City. It is a small suburban community with a population of approximately 14,294 (2020 census) covering an area of approximately 2.69 square miles. The majority of the Township is residential, however, it is a central transportation hub as it is intersected by the Garden State Parkway (exit 159), Interstate Route 80 (exit 62), and State Highway 46. In addition, State Highways 4 and 17 are within a quarter mile of its border. Even with the large influx of daily traffic, the Township still has a small town feel.

Utilities

PSE&G provides electric service and the Township of Saddle Brook Water Utility provides water service.

Public Safety

Police

The Township's Police Department is made up of 34 full-time sworn law enforcement officers, 9 full time special police officers, 1 part time special police officer, 3.5 dispatchers and a civilian records clerk. The officers are divided among Administration, Patrol Bureau (two shifts), Investigations Division, and the Administrative Services Division (which includes the Community Services Bureau and Records Bureau). The Department also supervises 25 school crossing guards.

Fire

Through the years, the fire department has expanded along with the Township's growth. From the original two fire trucks, the department has grown as follows:

- Engine Co. 1, Cambridge Avenue (Northside), houses Engine 1, Rescue 1, Squad 5 and Marine 1
- Engine Co. 2, Third Street (Southside), houses Engine 2, Engine 4, Marine 2*
- Hook and Ladder Co. 55 Mayhill Street (Central), houses Snorkel 1, Engine 3, Marine 3*

*Marine 1 has been located at Company 1 for years due to the lake in the Bergen County Park. Marine 2 and 3 were added to the other companies in the aftermath of Hurricane Floyd in 1999. Flooding in the Township was so severe that, with mutual aid assistance, rescue boats were dispatched to Saddle Brook for rescue operations. V.F.W. Post 3484 gratefully donated the two boats and motors.

Education

The Township's school district, coterminous with the boundaries of the Township, is a type II school district, and is an independent legal entity administered by a nine-member Board of Education elected by the voters of the school district. The school district provides for kindergarten through 12th grade, and is authorized by law to issue debt for school purposes upon vote of the electorate.

Population

Population trends for the Township, County and the State of New Jersey since 2000 are shown below:

<u>Area</u>	<u>2000</u>	<u>2010</u>	<u>2020</u>
Township of Saddle Brook	13,155	13,659	14,294
County of Bergen	884,118	948,406	955,732
State of New Jersey	8,414,350	8,791,894	9,288,994

Source: U.S. Census Bureau

Estimated Income as of 2024

	<u>Median Household Income</u>
Township of Saddle Brook	\$129,073
County of Bergen	124,884
State of New Jersey	104,294

Source: U.S. Census Bureau

BUDGET INFORMATION
Current Fund
(As Adopted)

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
Anticipated Revenues:					
Fund Balance	\$2,591,539	\$3,284,375	\$3,200,000	\$2,300,000	\$2,000,000
Miscellaneous Revenues	3,571,259	3,400,239	3,268,278	3,911,429	3,910,434
Receipts from Delinquent Taxes	303,000	245,000	410,000	338,000	357,000
Amount to be Raised by Taxes for Support of Municipal Budget	<u>25,444,078</u>	<u>23,672,121</u>	<u>22,249,024</u>	<u>21,090,360</u>	<u>20,552,065</u>
	<u>\$31,909,876</u>	<u>\$30,601,735</u>	<u>\$29,127,302</u>	<u>\$27,639,789</u>	<u>\$26,819,499</u>
Appropriations:					
Salaries and Wages	9,760,925	9,378,187	8,908,815	8,458,447	8,365,555
Other expenses	13,492,367	12,487,877	12,183,116	11,297,414	10,813,730
Deferred Charges and Statutory Expenditures	2,693,540	2,728,496	2,497,321	2,439,466	2,601,694
Capital Improvement Fund	250,000	250,000	200,000	150,000	150,000
Municipal Debt Service	4,713,044	4,757,175	4,338,050	4,294,462	3,888,520
Reserve for Uncollected Taxes	<u>1,000,000</u>	<u>1,000,000</u>	<u>1,000,000</u>	<u>1,000,000</u>	<u>1,000,000</u>
	<u>\$31,909,876</u>	<u>\$30,601,735</u>	<u>\$29,127,302</u>	<u>\$27,639,789</u>	<u>\$26,819,499</u>

Source: Township of Saddle Brook Adopted Budgets

**CURRENT FUND BALANCES
AND
AMOUNTS UTILIZED IN SUCCEEDING YEAR'S BUDGET**

<u>Year</u>	<u>Balance December 31,</u>	<u>Utilized in Succeeding Year's Budget</u>
2025(1)	\$3,164,305	\$(2)
2024	2,863,345	2,591,539
2023	5,419,996	3,284,375
2022	6,613,190	3,200,000
2021	5,705,114	2,300,000

Source: Township of Saddle Brook Annual Audit Reports 2024-2021

(1) Unaudited

(2) 2026 Budget not yet introduced

Current Tax Collections

<u>Year</u>	<u>Tax Levy</u>	<u>Collections</u>	<u>Currently</u> <u>Percentage of Collection</u>
2025(1)	\$73,445,128	\$72,212,489	98.32%
2024	68,911,307	67,823,494	98.42%
2023	66,099,255	65,802,982	99.55%
2022	63,880,023	63,337,029	99.15%
2021	62,370,700	61,976,015	99.37%

Source: Township of Saddle Brook Annual Audit Reports 2024-2021

(1) Unaudited

Delinquent Taxes and Tax Title Liens

<u>Year</u>	<u>Amount of Delinquent Taxes</u>	<u>Tax Title Liens</u>	<u>Total Delinquent</u>	<u>Percent of Tax Levy</u>
2025(1)	\$318,447	\$97,557	\$416,004	0.56%
2024	316,100	87,883	403,983	0.59%
2023	235,262	112,333	347,595	0.53%
2022	416,816	109,822	526,638	0.83%
2021	338,676	107,223	445,899	0.71%

Source: Township of Saddle Brook Annual Audit Reports 2024-2021

(1) Unaudited

**Assessed Valuation of Property Owned by
the Township Acquired for Taxes**

<u>Year</u>	<u>Balance December 31</u>
2025(1)	\$742,249
2024	742,249
2023	742,249
2022	742,249
2021	742,249

Source: Township of Saddle Brook Annual Audit Reports 2024-2021
(1) Unaudited

Ten Largest Taxpayers

The ten largest taxpayers in the Township and their 2026 assessed valuations are listed below:

<u>Taxpayer</u>	<u>Assessment</u>
Park 80 West Owner LLC	\$93,000,000
Tri-State Commercial Realty, LLC	57,000,000
Saddle Brook SG, LLC	55,410,200
140 Mayhill St, Co.	42,755,000
Arrow Fastener Co, Inc.	31,519,000
AO Associates	29,982,100
Peykar Brother Realty	27,741,900
CPT NJ 301 Mayhill LLC	25,851,900
IEC North Midland Avenue	23,812,800
45 Mayhill LLC	<u>23,688,700</u>
	<u>\$410,761,600</u>

Source: Tax Assessor

**Assessed Valuation
Land Improvements by Class**

	<u>Vacant Land</u>	<u>Residential</u>	<u>Commercial</u>	<u>Industrial</u>	<u>Apartment</u>	<u>Total</u>
2026	\$12,916,000	\$2,066,340,500	\$433,770,700	\$526,216,200	\$161,934,400	\$3,201,177,800
2025	11,209,200	1,967,674,200	425,940,200	498,488,300	151,070,500	3,054,382,400
2024	12,782,700	1,912,575,800	427,236,000	464,035,400	168,939,300	2,985,569,200
2023	13,076,700	1,797,436,300	418,635,100	433,824,600	164,914,600	2,827,887,300
2022	15,926,700	1,685,547,300	413,427,200	394,680,900	148,611,200	2,658,193,300

Source: Tax Duplicate

**Assessed Valuations
Net Valuation Taxable**

<u>Year</u>	<u>Real Property</u>	<u>Business Personal Property</u>	<u>Net Valuation Taxable</u>	<u>Total True Value of Assessed Property</u>	<u>Ratio of Assessed Value to True Value of Real Property</u>
2026	\$3,201,177,800	\$ -	\$3,201,177,800	N/A	N/A
2025	3,054,382,400	-	3,054,382,400	\$3,334,540,309	92.04%
2024	2,985,569,200	-	2,985,569,200	3,052,012,667	98.34%
2023	2,827,887,300	-	2,827,887,300	2,936,925,524	96.81%
2022	2,658,193,300	-	2,658,193,300	2,804,692,808	95.28%

Source: Tax Duplicate and Abstract of Ratables of Bergen County
N/A – Not Available

**Components of Real Estate Tax Rate
(per \$100 of Assessment)**

<u>Year</u>	<u>Total</u>	<u>Municipal⁽¹⁾</u>	<u>Local School</u>	<u>County⁽²⁾</u>
2025	\$2.373	0.833	1.289	0.251
2024	2.306	0.792	1.275	0.239
2023	2.336	0.786	1.301	0.249
2022	2.402	0.793	1.354	0.255
2021	2.604	0.857	1.478	0.269

Source: Tax Collector
(1) Includes Public Library
(2) Includes Open Space

**Apportionment of Tax Levy
(Including School and County Purposes)**

<u>Year</u>	<u>Total</u>	<u>Municipal⁽¹⁾</u>	<u>Local School</u>	<u>County⁽²⁾</u>
2025	\$72,458,323	\$25,444,078	\$39,366,203	\$7,648,042
2024	68,821,549	23,672,121	38,062,576	7,086,852
2023	66,055,474	22,249,024	36,805,103	7,001,347
2022	60,827,376	21,090,360	35,987,037	3,749,979
2021	62,360,226	20,552,065	35,373,440	6,434,721

Source: Township of Saddle Brook Audit Reports and Tax Collector
(1) Includes Public Library
(2) Includes Open Space

DEBT INFORMATION

Debt Statements

The Township must report all new authorizations of debt or changes in previously authorized debt to the Division of Local Government Services, Department of Community Affairs of the State of New Jersey (the “Division”). The Supplemental Debt Statement, as this report is known, must be submitted to the Division before final passage of any debt authorization. Before January 31 of each year, the Township must file an Annual Debt Statement with the Division. This report is made under oath and states the authorized, issued and unissued debt of the Township as of the previous December 31. Through the Annual and Supplemental Debt Statements, the Division monitors all local borrowing.

**Debt Incurring Capacity
As of December 31, 2025**

Municipal:	
Equalized Valuation Basis (last 3 years average)	\$3,482,490,413
3-1/2% Borrowing Margin	121,887,164
Net Debt Issued, Outstanding and Authorized	<u>57,356,506</u>
Remaining Municipal Borrowing Capacity	<u>\$64,530,658</u>
Local School	
4% Borrowing Margin	\$139,299,617
Debt Issued, Outstanding and Authorized	<u>16,165,180</u>
Remaining School Borrowing Capacity	<u>\$123,134,437</u>

**Gross Statutory Net Debt
as of December 31,**

<u>Year</u>	<u>Gross Debt Amount</u>	<u>Statutory Net Debt</u>	
		<u>Amount</u>	<u>Percentage</u>
2025(1)	\$79,515,240	\$57,356,506	1.647%
2024	82,546,060	59,261,260	1.831%
2023	68,866,958	58,374,108	1.941%
2022	68,480,345	56,944,401	1.980%
2021	70,254,610	56,893,756	2.095%

Source: Township of Saddle Brook Audit Reports 2024-2021
(1) Annual Debt Statement

TOWNSHIP OF SADDLE BROOK
Statement of Indebtedness and Debt Ratios
As of December 31, 2025

GENERAL PURPOSES		
Bonds Issued and Outstanding	\$40,589,350	
Bond Anticipation Notes	15,045,000	
Infrastructure Trust	241,549	
Bonds and Notes Authorized But Not Issued	<u>1,989,456</u>	\$57,865,355
WATER UTILITY		
Loans Issued and Outstanding	808,468	
Bond Anticipation Notes Authorized But Not Issued	395,587	
Bonds Issued	3,500,650	
Bond Anticipation Notes	<u>780,000</u>	5,484,705
LOCAL SCHOOL		
Bonds Issued and Outstanding	16,164,000	
Authorized But Not Issued	<u>1,180</u>	<u>16,165,180</u>
TOTAL GROSS DEBT		<u><u>79,515,240</u></u>
STATUTORY DEDUCTIONS:		
Municipal Purpose	\$508,849	
Water Utility	5,484,705	
Local School	<u>16,165,180</u>	<u>22,158,734</u>
TOTAL NET DEBT		<u><u>\$57,356,506</u></u>
OVERLAPPING DEBT		
Bergen County (Note 1)	<u>\$14,248,407</u>	
TOTAL OVERLAPPING DEBT		<u><u>\$14,248,407</u></u>
GROSS DEBT		
Per Capital (2020 - 14,294)	\$5,563	
Percent of Equalized Value of Real Property (2025 - \$3,482,490,413)	2.283%	
NET MUNICIPAL DEBT		
Per Capital (2020 - 14,294)	\$4,013	
Percent of Equalized Value of Real Property (2025 - \$3,482,490,413)	1.647%	
OVERALL DEBT (Gross and Overlapping Debt)		
Per Capital (2020 - 14,294)	\$6,560	
Percent of Equalized Value of Real Property (2025 - \$3,482,490,413)	2.692%	

(Note 1) Overlapping debt was computed based upon the real property ratio of equalized valuations of the municipality to all municipalities within the County as provided in the 2025 Bergen County Abstract of Ratables published by the Bergen County Board of Taxation.

Source: Township of Saddle Brook 2025 Annual Debt Statement.

APPENDIX B

**INDEPENDENT AUDITOR'S REPORT
AND FINANCIAL STATEMENTS FOR THE YEARS ENDED
DECEMBER 31, 2024 AND 2023
AND
SELECTED FINANCIAL INFORMATION
FOR THE YEARS ENDED
DECEMBER 31, 2025-2021**

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WIELKOTZ & COMPANY LLC

CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and
Members of the Township Council
Township of Saddle Brook
County of Bergen, New Jersey

Report on the Financial Statements

Adverse Opinion on U.S. Generally Accepted Accounting Principles

We have audited the accompanying balance sheets – regulatory basis of the various funds and account group of the Township of Saddle Brook in the County of Bergen, as of December 31, 2024 and 2023, the related statement of operations and changes in fund balance – regulatory basis for the years then ended, and the related statement of revenues - regulatory basis and the statement of expenditures – regulatory basis of the various funds for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements as listed in the table of contents.

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles" paragraph, the accompanying financial statements referred to above do not present fairly the financial position of each fund of the Township of Saddle Brook as of December 31, 2024, and 2023, or changes in financial position for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS), the audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division") and Government Auditing Standards, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Township of Saddle Brook, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our adverse audit opinion.



As described in Note 1 of the financial statements, the financial statements are prepared by the Township of Saddle Brook on the basis of the financial reporting provisions prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to meet the requirements of New Jersey.

The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Basis for Qualified Opinion on Regulatory Basis Accounting Principles

As described in Note 15 of the financial statement, the Township participates in a Length of Service Award Program for its volunteer fire and rescue personnel. The amount reflected in the trust fund statements of \$3,880,577 and \$3,361,936 for 2024 and 2023, respectively, were not audited and, therefore, we express no opinion on the LOSAP program.

Qualified Opinion on Regulatory Basis of Accounting

In our opinion, except for the effects of the matters described in the “*Basis for Qualified Opinion on Regulatory Basis Accounting Principles*” paragraph, the financial statements referred to above, present fairly, in all material respects, the regulatory basis balance sheets and account group as of December 31, 2024, the regulatory basis statements of operations and changes in fund balance for the years then ended and the regulatory basis statements of revenues and expenditures for the year ended December 31, 2024 in accordance with the basis of financial reporting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey as described in Note 1.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Township of Saddle Brook’s ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and Government Auditing Standards, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Township's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Other Matters

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The supplementary information listed in the table of contents and the letter of comments and recommendations section are presented for purposes of additional analysis and are not a required part of the basic financial statements.


The supplementary information listed in the table of contents is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information listed in the table of contents is fairly stated, in all material respects, in relation to the basic financial statements as a whole.


The letter of comments and recommendations section has not been subject to the auditing procedures applied in the audit of the basic financial statements and accordingly, we do not express an opinion or any form of assurance thereon.

Honorable Mayor and
Members of the Township Council
Page 5.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 6, 2025 on our consideration of the Township of Saddle Brook's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township of Saddle Brook's internal control over financial reporting and compliance.


Steven D. Wielkotz, C.P.A.
Registered Municipal Accountant
No. CR00413


WIELKOTZ & COMPANY, LLC
Certified Public Accountants
Pompton Lakes, New Jersey

June 6, 2025

TOWNSHIP OF SADDLE BROOK

Comparative Balance Sheet - Regulatory Basis

Current Fund

December 31, 2024 and 2023

	<u>Ref.</u>	<u>2024</u>	<u>2023</u>
<u>Assets</u>			
Current Fund:			
Cash	A-4	\$ 5,077,254	7,547,552
Change Fund	A-5	475	475
Due to State of New Jersey:			
Senior Citizens and Veterans Deductions	A-6	38,276	37,200
		<u>5,116,005</u>	<u>7,585,227</u>
Receivables and Other Assets with Full Reserves:			
Municipal Liens Receivable	A-7	87,883	112,333
Delinquent Taxes Receivable	A-8	316,100	235,262
Property Acquired for Taxes -			
Assessed Valuation	A-9	742,249	742,249
Revenue Accounts Receivable	A-10	17,071	12,257
Interfund Accounts Receivable	A-11	836,786	210,260
		<u>2,000,089</u>	<u>1,312,361</u>
Deferred Charges:			
Special Emergencies	A-12	215,602	120,903
		<u>215,602</u>	<u>120,903</u>
		<u>7,331,696</u>	<u>9,018,491</u>
Federal and State Grant Fund:			
Grants Receivable	A-26	43,980	980
Due from Current Fund	A-11	213,900	124,921
Over-expenditure of Appropriated Grants	A-27		2,765
		<u>257,880</u>	<u>128,666</u>
		<u>\$ 7,589,576</u>	<u>9,147,157</u>

TOWNSHIP OF SADDLE BROOK

Comparative Balance Sheet - Regulatory Basis

Current Fund

December 31, 2024 and 2023

	<u>Ref.</u>	<u>2024</u>	<u>2023</u>
<u>Liabilities, Reserves and Fund Balance</u>			
Current Fund:			
Appropriation Reserves	A-3/A-13	\$ 718,027	816,036
Encumbrances Payable	A-3/A-14	269,797	145,934
Interfund Accounts Payable	A-11	403,335	267,142
Due to Free Public Library	A-15	37,425	37,425
Due to State of New Jersey:			
Construction Training Fees	A-16	4,260	7,812
Marriage License Fees	A-16	325	425
Burial Permit Fees	A-16	220	290
Tax Overpayments	A-17	25,479	3,435
School Taxes Payable	A-18	1	1
County Taxes Payable	A-19	6,642	4,243
Prepaid Taxes	A-20	975,520	481,364
Reserve for Tax Appeals	A-21		292,301
Reserve for Municipal Relief Aid	A-22		150,217
Reserve for Police Salaries & Wages	A-23	27,187	27,187
Accounts Payable	A-24		52,324
Reserve for Health Care Claims	A-25	44	
		<hr/>	<hr/>
		2,468,262	2,286,136
Reserve for Receivables	Contra	2,000,089	1,312,361
Fund Balance	A-1	2,863,345	5,419,996
		<hr/>	<hr/>
		7,331,696	9,018,493
Federal and State Grant Fund:			
Appropriated Reserve for Grants	A-27	52,492	61,885
Encumbrances Payable	A-27	43,000	
Unappropriated Reserve for Grants	A-28	162,388	66,779
		<hr/>	<hr/>
		257,880	128,664
		<hr/>	<hr/>
		\$ 7,589,576	9,147,157
		<hr/> <hr/>	<hr/> <hr/>

See accompanying notes to financial statements.

TOWNSHIP OF SADDLE BROOK

Comparative Statement of Operations and Changes in
Fund Balance - Regulatory Basis

Current Fund

Years Ended December 31, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Revenues and Other Income:		
Fund Balance Utilized	\$ 3,284,375	3,200,000
Miscellaneous Revenue Anticipated	3,693,669	3,486,828
Receipts from Delinquent Taxes	259,797	437,018
Receipts from Current Taxes	67,823,494	65,802,982
Non-Budget Revenue	390,290	411,056
Other Credits to Income:		
Unexpended Balance of Appropriation Reserves	433,869	692,677
Interfunds Returned		47,294
Liabilities Cancelled	45,352	
	<hr/>	<hr/>
Total Revenues and Other Income	75,930,846	74,077,855
	<hr/>	<hr/>
Expenditures:		
Budget and Emergency Appropriations:		
Operations:		
Salaries and Wages	9,315,038	9,050,081
Other Expenses	12,746,949	12,041,850
Capital Improvement Fund	250,000	200,000
Municipal Debt Service	4,656,858	4,325,624
Deferred Charges and Statutory Expenditures -		
Municipal	2,615,308	2,497,320
Local District School Tax	38,062,576	36,805,103
County Taxes Including Added Taxes	7,093,494	7,005,590
Refunds	5,048	10,481
Interfunds Advanced	592,851	135,000
	<hr/>	<hr/>
Total Expenditures	75,338,122	72,071,049
	<hr/>	<hr/>
Excess (Deficit) Revenue Over Expenditures	592,724	2,006,806
	<hr/>	<hr/>
Adjustments to Income before Surplus:		
Expenditures Included Above Which are by Statute Deferred		
Charges to Budget of Succeeding Year:		
Expenditures without Appropriations	135,000	
	<hr/>	<hr/>
Statutory Excess to Surplus	727,724	2,006,806

TOWNSHIP OF SADDLE BROOK
Comparative Statement of Operations and Changes in
Fund Balance - Regulatory Basis

Current Fund

Years Ended December 31, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Fund Balance, January 1,	<u>5,419,996</u>	<u>6,613,190</u>
	6,147,720	8,619,996
Decreased by:		
Fund Balance Utilized as Budget Revenue	<u>3,284,375</u>	<u>3,200,000</u>
Fund Balance, December 31,	<u>\$ 2,863,345</u>	<u>5,419,996</u>

See accompanying notes to the financial statements.

TOWNSHIP OF SADDLE BROOK
Statement of Revenues - Regulatory Basis

Current Fund

Year Ended December 31, 2024

	<u>Budget</u>	<u>Realized</u>	<u>Excess or (Deficit)</u>
Fund Balance Anticipated	\$ 3,284,375	3,284,375	
Miscellaneous Revenues:			
Licenses:			
Alcoholic Beverages	22,000	22,630	630
Other	30,000	57,483	27,483
Fees and Permits	284,329	310,088	25,759
Fines and Costs:			
Municipal Court	175,000	215,089	40,089
Interest and Costs on Taxes	100,000	69,241	(30,759)
Interest on Investments and Deposits	180,000	227,368	47,368
Energy Receipts Tax	1,457,340	1,457,340	
Reserve for Municipal Relief Fund	150,217	150,217	
Uniform Construction Code Fees	175,000	225,346	50,346
Public and Private Programs Offset by Revenues:			
American Rescue Plan - Assistance to Firefighters	43,000	43,000	
Uniform Fire Safety Act	38,000	69,295	31,295
Cable TV Franchise Fee - Cablevision	110,000	109,630	(370)
Cable TV Franchise Fee - Verizon	72,000	77,953	5,953
Hotel Fees	300,000	352,636	52,636
Reserve for Payment of Debt	52,847	52,847	
Pension Reimbursement - Water Utility	95,000	95,000	
Health Insurance Reimbursement - Water Utility	95,000	95,000	
General Capital Surplus	63,506	63,506	
Total Miscellaneous Revenues	3,443,239	3,693,669	250,430
Receipts from Delinquent Taxes	245,000	259,797	14,797
Subtotal General Revenues	6,972,614	7,237,841	265,227
Amount to be Raised by Taxes for Support of Municipal Budget - Local Tax for Municipal Purposes Including Reserve for Uncollected Taxes	23,672,121	23,667,424	(4,697)
Budget Totals	30,644,735	30,905,265	260,530
Non-Budget Revenue		390,290	390,290
	\$ 30,644,735	31,295,555	650,820

TOWNSHIP OF SADDLE BROOK
Statement of Revenues - Regulatory Basis
Current Fund
Year Ended December 31, 2024

Analysis of Realized Revenues

Revenue from Current Tax Collections	\$	67,823,494
Allocated to County and Local and Regional School Taxes		<u>45,156,070</u>
Balance for Support of Municipal Budget Appropriations		22,667,424
Add : Appropriation - Reserve for Uncollected Taxes		<u>1,000,000</u>
Amount for Support of Municipal Budget Appropriations	\$	<u><u>23,667,424</u></u>
Receipts from Delinquent Taxes:		
Delinquent Taxes - Cash Receipts		241,997
Municipal Liens - Due from Redemption Trust		<u>17,800</u>
Delinquent Taxes	\$	<u><u>259,797</u></u>

Analysis of Non-budget Revenues

Fuel Reimbursement	\$	48,691
DCRP Refund		28,727
Bergen Snow Plowing		4,140
Housing Authority		17,365
Kessler-Parking		15,800
DMV		4,158
FEMA		3,350
Police Reports		1,730
Scrap Metals		735
Misc		49,278
Sewer Line		3,000
Recreation Community Pass		15,550
Sale of Assets		17,704
LEA Rebate		50,628
Cancelled Escrow Balances		99,434
Cannabis		<u>30,000</u>
	\$	<u><u>390,290</u></u>

See accompanying notes to the financial statements.

TOWNSHIP OF SADDLE BROOK
Statement of Expenditures-Regulatory Basis

Current Fund

Year Ended December 31, 2024

<u>Description</u>	<u>Budget</u>	<u>Budget after Modifications</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Unexpended Balance Canceled</u>
Operations-within "CAPS"					
Administrative and Executive:					
Salaries and Wages	\$ 300,000	307,172	307,172		
Other expenses	20,000	51,553	51,553		
Other expenses - Postage	30,000	30,000	19,054	10,946	
Other expenses - Contractual Services	45,000	45,000	29,144	15,856	
Other expenses - Computer Service Contract	165,000	165,000	141,584	23,416	
Other expenses - SBCTV	35,000	35,000	19,992	15,008	
Other expenses - Grants	35,000	40,000	40,000		
Office of the Mayor:					
Salaries and Wages	12,813	12,500	12,500		
Other Expenses	15,000	24,449	24,449		
Council:					
Salaries and Wages	38,438	37,500	37,500		
Other Expenses	3,000	3,037	3,037		
Municipal Clerk:					
Salaries and Wages	215,425	202,855	202,855		
Other Expenses	8,500	8,500	5,549	2,951	
Other Expenses - Land Use	1,000	1,000		1,000	
Other Expenses - Codification of Ord.	12,000	12,000	11,605	395	
Other Expenses - Elections	27,500	27,500	15,995	11,505	

TOWNSHIP OF SADDLE BROOK

Statement of Expenditures-Regulatory Basis

Current Fund

Year Ended December 31, 2024

<u>Description</u>	<u>Budget</u>	<u>Budget after Modifications</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Unexpended Balance Canceled</u>
Financial Administration:					
Salaries and Wages	335,600	261,972	261,972		
Other Expenses	60,000	107,471	107,471		
Other Expenses - Statements	21,250	21,250		21,250	
Other Expenses - Supplemental Disclosure	3,000	3,000		3,000	
Audit Services:					
Other Expenses	40,000	40,000		40,000	
Revenue Administration:					
Salaries and Wages	94,175	90,935	90,935		
Other Expenses	20,000	20,000	9,625	10,375	
Assessment of Taxes:					
Salaries and Wages	51,250	61,634	61,634		
Other Expenses	5,000	5,000	2,916	2,084	
Other Expenses - Tax Appeal Attorney	35,875	35,875	25,800	10,075	
Other Expenses - Appraisals	45,000	45,000	45,000		
Assessments	75,000	25,450	25,450		
Legal Services and Costs:					
Other Expenses	150,000	150,000	135,161	14,839	
Engineering:					
Other Expenses	120,000	22,620	17,566	5,054	

TOWNSHIP OF SADDLE BROOK

Statement of Expenditures-Regulatory Basis

Current Fund

Year Ended December 31, 2024

Description	Budget	Budget after Modifications	Paid or Charged	Reserved	Unexpended Balance Canceled
Municipal Land Use Law (NJSA 40:55D-1):					
Planning Board:					
Salaries and Wages	5,330	5,250	5,250		
Other Expenses	2,000	2,151	2,151		
Zoning Board of Adjustment:					
Salaries and Wages	4,920	122	122		
Other Expenses	3,000	3,000	2,258	742	
Self Insurance Program:					
Liability	289,210	602,146	602,146		
Workers Compensation	304,233	337,458	337,458		
Employee Group Insurance	3,742,147	3,562,564	3,547,397	15,167	
Unemployment Compensation	1,000	133,666	133,666		
PUBLIC SAFETY:					
Police:					
Salaries and Wages	4,617,625	4,617,625	4,617,625		
Salaries and Wages - Retirements	150,000	150,000	150,000		
Salaries and Wages - Overtime	112,750	112,750	112,750		
Salaries and Wages - Clothing Allowance	47,000	44,650	44,650		
Other Expenses	180,000	278,445	278,445		
Other Expenses - Purchase of Vehicles	22,000	40,827	40,827		
Salaries and wages - School Law Enforcement	202,950	353,108	353,108		

TOWNSHIP OF SADDLE BROOK

Statement of Expenditures-Regulatory Basis

Current Fund

Year Ended December 31, 2024

<u>Description</u>	<u>Budget</u>	<u>Budget after Modifications</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Unexpended Balance Canceled</u>
School Marshalls:					
Salaries and Wages	661,125	648,886	633,566	15,320	
Other Expenses	10,000	10,000	3,586	6,414	
Emergency Management:					
Salaries and Wages	12,813	7,500	7,500		
Other Expenses	10,000	10,000	2,661	7,339	
Fire:					
Other Expenses	160,000	167,999	167,999		
Other Expenses - Clothing Allowance	85,000	85,000	82,100	2,900	
Uniform Fire Safety:					
Salaries and Wages	207,438	168,844	168,844		
Other Expenses	9,000	10,951	10,951		
Aid to Volunteer Ambulance Companies:					
Other Expenses	65,000	65,000	65,000		
Municipal Prosecutor:					
Salaries and Wages	9,000	12,000	12,000		
Division of Sewers:					
Salaries and Wages	128,125	6,784	6,784		
Other Expenses	100,000	100,000	100,000		
Other Expenses - Repairs	100,000	100,000	91,512	8,488	

TOWNSHIP OF SADDLE BROOK
Statement of Expenditures-Regulatory Basis

Description	Current Fund			Unexpended Balance Canceled
	Budget	Budget after Modifications	Paid or Charged	
Year Ended December 31, 2024				
Sanitation:				
Solid Waste Collection				
Other Expenses - Type 10 Contractual	1,453,263	1,453,263	1,410,639	42,624
Other Expenses - Recycling Contract	350,000	350,000	350,000	
Recycling:				
Other Expenses	5,000	5,000		5,000
Buildings and Property:				
Salaries and Wages	89,175			
Other Expenses	225,000			
Purchase of Equipment	115,000	186,940	185,399	1,541
Streets and Road Maintenance:				
Salaries and Wages	1,168,500	1,168,895	1,160,583	8,312
Salaries and Wages - Overtime	45,000	164,601	164,601	
Other Expenses	170,000	184,898	184,898	
Snow Removal:				
Salaries and Wages	30,000	3,737	3,737	
Other Expenses	15,000	15,000	14,658	342
Health and Welfare:				
Public Health Services:				
Salaries and Wages	5,125			
Other Expenses	25,000	26,600	26,600	
Other Expenses - Wallington	2,000	2,000	2,000	
Other Expenses - Contract	48,000	48,077	48,077	

TOWNSHIP OF SADDLE BROOK
Statement of Expenditures-Regulatory Basis

Current Fund

Year Ended December 31, 2024

<u>Description</u>	<u>Budget</u>	<u>Budget after Modifications</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Unexpended Balance Canceled</u>
Animal Control:					
Salaries and Wages	5,000	5,000		5,000	
Other Expenses - Contract	20,000	20,000		20,000	
Recreation:					
Salaries and wages	148,625	159,428	159,428		
Other Expenses	115,000	115,000	93,835	21,165	
Other Expenses - Project Graduation	1,500	1,500		1,500	
Other Expenses - Memorial Day	5,000	5,947	5,947		
Salaries and wages	82,000	82,000	82,000		
Other Expenses - Senior Citizens Center	6,000	6,000	5,815	185	
Other Expenses - Seniors Annual Dinner	8,000	10,005	5,805	4,200	
Other Expenses -Community Projects	80,000	55,876	55,876		
Other Expenses - Summer Program	15,000	15,000		15,000	
Other Expenses - Special Events	10,000	10,000		10,000	
Veterans Field Expenses	5,000	5,000		5,000	
Other Common Unclassified:					
Municipal Court:					
Salaries and Wages	193,110	191,795	191,795		
Salaries and Wages - Overtime	15,375	20,407	20,407		
Other Expenses	25,000	25,000	14,774	10,226	

TOWNSHIP OF SADDLE BROOK
Statement of Expenditures-Regulatory Basis

Current Fund

Year Ended December 31, 2024

<u>Description</u>	<u>Budget</u>	<u>Budget after Modifications</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Unexpended Balance Canceled</u>
Uniform Construction Code-Appropriations Offset by Dedicated Revenues (N.J.A.C. 5:23-4.17)					
Code Enforcement and Administration:					
Salaries and Wages	297,250	324,838	324,838		
Other Expenses	5,000	21,145	21,145		
Elevator Inspections					
Other Expenses	9,329	11,019	11,019		
UNCLASSIFIED:					
Utilities:					
Electricity	450,000	450,000	417,392	32,608	
Street lighting	232,000	119,252	119,252		
Telephone	120,000	120,000	84,797	35,203	
Gasoline	150,000	110,445	110,445		
Preparation of Tax Maps		135,000	132,345	2,655	
Landfill/Solid Waste Disposal Cost:					
Dump Fees	105,000	105,000	87,160		
Sick Time Payments	51,250	51,250		17,840	
Salary and Wage Adjustment	41,000	41,000		51,250	
			41,000	41,000	
Total Operations within "CAPS"	19,202,994	19,355,917	18,781,142	574,775	
Detail:					
Salaries & Wages	9,378,187	9,315,038	9,194,156		120,882
Other Expenses (Including Contingent)	9,824,807	10,040,879	9,586,986		453,893
	19,202,994	19,355,917	18,781,142	574,775	

TOWNSHIP OF SADDLE BROOK
Statement of Expenditures-Regulatory Basis

	Current Fund				
<u>Description</u>	<u>Budget</u>	<u>Budget after Modifications</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Unexpended Balance Canceled</u>
Year Ended December 31, 2024					
Deferred Charges and Statutory Expenditures-Municipal within "CAPS"					
DEFERRED CHARGES:					
Overexpenditure of Grants	2,765	2,765	2,765		93,940
Expenditure Without Appropriation	93,940	93,940			
Winner Ford - Police Cars - 2022	40,827	40,827	40,827		
Great White Mechanical - DPW - OE 2022	15,115	15,115	15,115		
Overexpenditure of Ordinance	16,939	16,939	16,939		
STATUTORY EXPENDITURES:					
Contribution to:					
Social Security System (O.A.S.I.)	435,000	410,289	403,953	6,336	
Local Firemen's Pension Fund	5,000	5,000	5,000		
Public Employees Retirement System	568,336	573,799	573,799		
Police and Firemans Retirement System of N.J.	1,510,273	1,510,273	1,510,273		
	<u>2,688,195</u>	<u>2,668,947</u>	<u>2,568,671</u>	<u>6,336</u>	<u>93,940</u>
Total Deferred Charged and Statutory Expenditures-Municipal within "CAPS"					
Total General Appropriations for Municipal Purposes within "CAPS"	<u>21,891,189</u>	<u>22,024,864</u>	<u>21,349,813</u>	<u>581,111</u>	<u>93,940</u>

TOWNSHIP OF SADDLE BROOK

Statement of Expenditures-Regulatory Basis

Current Fund

Year Ended December 31, 2024

Description	Budget	Budget after Modifications	Paid or Charged	Reserved	Unexpended Balance Canceled
Operations-Excluded from "CAPS":					
Sewer Processing and Disposal:					
Other Expenses - PVSC	1,150,000	1,150,000	1,107,409	42,591	
Other Expenses - Lodi Boro	20,000	20,000		20,000	
Maintenance of Free Public Library:					
Other Expenses	1,027,948	1,027,948	995,073	32,875	
LOSAP - Ambulance	40,000	40,000		40,000	
LOSAP - Fire	90,000	90,000	88,550	1,450	
2024/2025 CAP Exceptions					
Liability Insurance	98,719	98,719	98,719		
Garbage and Trash	96,737	96,737	96,737		
Health Benefits	117,853	117,853	117,853		
Workers Compensation	21,813	21,813	21,813		
Total Other Operations - Excluded from "CAPS"	2,663,070	2,663,070	2,526,154	136,916	
Public and Private Programs Offset by Revenues:					
ARP Firefighters Assistance	43,000	43,000	43,000		
Total Public and Private Programs Offset by Revenues	43,000	43,000	43,000		
Total Operations - Excluded from "CAPS"	2,706,070	2,706,070	2,569,154	136,916	
Detail:					
Other Expenses	2,706,070	2,706,070	2,569,154	136,916	
	2,706,070	2,706,070	2,569,154	136,916	

TOWNSHIP OF SADDLE BROOK
Statement of Expenditures-Regulatory Basis

Current Fund

Year Ended December 31, 2024

<u>Description</u>	<u>Budget</u>	<u>Budget after Modifications</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Unexpended Balance Canceled</u>
Capital Improvements - Excluded from CAPS					
Capital Improvement Fund	250,000	250,000	250,000		
Total Capital Improvements - Excluded from CAPS	250,000	250,000	250,000		
Municipal Debt Service-Excluded from "CAPS"					
Payment of Bond Principal	2,315,550	2,315,550	2,315,550		
Payment of Bond Anticipation Notes	193,250	193,250	193,250		98,783
Interest on Bonds	1,744,375	1,744,375	1,645,592		2,859
Interest on Notes	375,000	375,000	372,141		
NJETT Trust Loan Principal	115,000	115,000	115,000		
NJETT Trust Loan Interest	14,000	15,325	15,325		
Total Municipal Debt Service-Excluded from "CAPS"	4,757,175	4,758,500	4,656,858		101,642
Deferred Charges- Municipal Excluded from "CAPS"					
Emergency Authorization					
Special Emergency Authorizations - 5 years (N.J.S. 40A:4-55)	40,301	40,301	40,301		
Total Deferred Charges-Municipal-Excluded from "CAPS"	40,301	40,301	40,301		
Total General Appropriations for Municipal Purposes Excluded from "CAPS"	7,753,546	7,754,871	7,516,313	136,916	101,642

TOWNSHIP OF SADDLE BROOK

Statement of Expenditures-Regulatory Basis

Current Fund

Year Ended December 31, 2024

<u>Description</u>	<u>Budget</u>	<u>Budget after Modifications</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Unexpended Balance Canceled</u>
Subtotal General Appropriations	29,644,735	29,779,735	28,866,126	718,027	195,582
Reserve for Uncollected Taxes	1,000,000	1,000,000	1,000,000		
Total General Appropriations	<u>\$ 30,644,735</u>	<u>30,779,735</u>	<u>29,866,126</u>	<u>718,027</u>	<u>195,582</u>

Adopted Budget	30,601,735
Added by N.J.S.A. 40A:4-87	43,000
Special Emergency Authorization	135,000
	<u>\$ 30,779,735</u>

<u>Analysis of Paid or Charged</u>	
Reserve for Uncollected Taxes	1,000,000
Federal and State Grant Fund	43,000
Deferred Charges	40,301
Reserve for Health Care Claims	252,000
Deferred Charge - Due to General Capital Fund	16,939
Deferred Charge - Due to Federal and State Grant Fund	2,765
Reserve for Encumbrances	269,797
Cash	28,241,324

\$ 29,866,126

TOWNSHIP OF SADDLE BROOK

Comparative Balance Sheet - Regulatory Basis

Trust Funds

December 31, 2024 and 2023

<u>Assets</u>	<u>Ref.</u>	<u>2024</u>	<u>2023</u>
Animal License Fund:			
Cash	B-1	\$ 15,508	12,185
Other Trust Funds:			
Cash	B-1	1,944,884	1,856,535
Interfunds	B-3	194,274	15,858
		<u>2,139,158</u>	<u>1,872,393</u>
Length of Service Award Program: (Unaudited)			
Investments	B-1	3,880,577	3,273,386
Contributions Receivable	B-6		88,550
		<u>3,880,577</u>	<u>3,361,936</u>
		<u>\$ 6,035,243</u>	<u>5,246,514</u>
<u>Liabilities and Reserves</u>			
Animal License Fund:			
Due to Current Fund	B-3	\$ 7,654	4,123
Due to State of New Jersey	B-4		343
Reserve for Animal License Fund expenditures	B-5	7,854	7,719
		<u>15,508</u>	<u>12,185</u>
Other Trust Funds:			
Interfunds	B-3	381,380	5,106
Reserve for Other Trust Fund Deposits	B-2	1,757,778	1,867,287
		<u>2,139,158</u>	<u>1,872,393</u>
Length of Service Award Program: (Unaudited)			
Net Assets Available for Benefits	B-7	3,880,577	3,361,936
		<u>\$ 6,035,243</u>	<u>5,246,514</u>

See accompanying notes to financial statements.

TOWNSHIP OF SADDLE BROOK
Comparative Balance Sheet-Regulatory Basis
General Capital Fund
December 31, 2024 and 2023

<u>Assets</u>	<u>Ref.</u>	<u>2024</u>	<u>2023</u>
Cash:			
Checking	C-2,C-3	\$ 3,496,744	389,208
Grants/Contributions Receivable	C-7	845,799	766,420
NJ Environmental Infrastructure Loan Receivable	C-8	56,846	56,846
Deferred charges to future taxation:			
Funded	C-4	43,234,354	45,663,984
Unfunded	C-5	16,200,745	13,327,268
Deferred Charges	C-9	37,949	16,939
Interfund Receivable	C-6		125,763
		\$ 63,872,437	60,346,428
		\$ 63,872,437	60,346,428
<u>Liabilities, Reserves and Fund Balance</u>			
Serial Bonds	C-10	42,880,700	45,196,250
NJ Environmental Infrastructure Trust Loan	C-11	353,654	467,734
Bond Anticipation Notes	C-12	12,695,000	8,316,000
Capital Improvement Fund	C-13	140,600	56,900
Reserve for:			
Payment of Debt	C-14	173,839	617,144
Various Reserves	C-15	105,962	105,962
Contracts Payable	C-16	3,042,714	1,137,705
Unappropriated State Grant	C-17	81,426	243,426
Grants Receivable	C-18	533,775	454,396
Interfund Payable	C-6	759,727	
Improvement authorizations:			
Funded	C-16	354,178	496,101
Unfunded	C-16	2,725,710	3,191,303
Fund Balance	C-1	25,152	63,507
		\$ 63,872,437	60,346,428
		\$ 63,872,437	60,346,428

There were bonds and notes authorized but not issued at December 31, 2024 and 2023 of \$3,505,745 and \$5,011,268 respectively. See Exhibit C-19.

See accompanying notes to financial statements.

TOWNSHIP OF SADDLE BROOK

Schedule of Fund Balance

General Capital Fund

Years Ended December 31,

	<u>2024</u>	<u>2023</u>
Balance - December 31,	\$ 63,507	
Increased by:		
Premium Received from Note Sale	25,151	63,506
Cancelled Liabilities		1
	<u>88,658</u>	<u>63,507</u>
Decreased by:		
Budgeted Revenue	<u>63,506</u>	
Balance - December 31,	<u>\$ 25,152</u>	<u>63,507</u>

See Accompanying Notes to Financial Statements

TOWNSHIP OF SADDLE BROOK

Comparative Balance Sheet - Regulatory Basis

Water Utility Operating Fund

December 31, 2024 and 2023

<u>Assets</u>	<u>Ref.</u>	<u>2024</u>	<u>2023</u>
Water Utility Operating Fund:			
Cash - Treasurer	D-5	\$ 104,872	538,166
Interfunds Receivable	D-8	<u>468,975</u>	<u>600</u>
		<u>573,847</u>	<u>538,766</u>
Receivables with Full Reserves:			
Consumers' Accounts Receivable	D-7	<u>384,408</u>	<u>256,841</u>
Deferred Charges:			
Over-Expenditure of Appropriation Reserves	D-13	<u>157,794</u>	
Total Water Utility Operating Fund		<u>1,116,049</u>	<u>795,607</u>
Capital Fund:			
Cash - Treasurer	D-5, D-6	145,681	820,351
Accounts Receivable - I-Bank	D-10	116,040	116,040
Fixed Capital	D-11	8,221,793	5,171,793
Fixed Capital Authorized and Uncompleted	D-12	780,000	3,830,000
Interfunds Receivable	D-9	<u>205,000</u>	
Total Capital Fund		<u>9,468,514</u>	<u>9,938,184</u>
		<u>\$ 10,584,563</u>	<u>10,733,791</u>

TOWNSHIP OF SADDLE BROOK

Comparative Balance Sheet - Regulatory Basis

Water Utility Operating Fund

December 31, 2024 and 2023

<u>Liabilities, Reserves and Fund Balance</u>	<u>Ref.</u>	<u>2024</u>	<u>2023</u>
Water Utility Operating Fund:			
Appropriation Reserves	D-4, D-13	68,333	229,606
Reserve for Encumbrances	D-4, D-14	29,057	29,942
Interfunds Payable	D-8	130,000	
Overpayments	D-15	16,492	22,227
Accrued Interest on Bonds	D-16	34,385	37,742
Accrued Interest on Loans	D-17	3,633	3,946
		<u>281,900</u>	<u>323,463</u>
Reserve for Receivables	Contra	384,408	256,841
Fund Balance	D-1	<u>449,741</u>	<u>215,303</u>
Total Water Utility Operating Fund		<u>1,116,049</u>	<u>795,607</u>
Capital Fund:			
Improvement Authorization:			
Funded	D-18		143,176
Unfunded	D-18	338,122	664,616
Capital Improvement Fund	D-19	17,748	17,748
Interfunds Payable	D-9	135,000	135,000
Reserve for:			
Amortization	D-20	3,463,988	2,955,088
Deferred Amortization	D-21		110,000
Serial Bonds Payable	D-22	3,849,300	4,183,750
NJ Environmental Infrastructure Trust Loans	D-23	872,919	937,369
Bond Anticipation Notes Payable	D-24	780,000	780,000
Fund Balance	D-2	<u>11,437</u>	<u>11,437</u>
Total Capital Fund		<u>9,468,514</u>	<u>9,938,184</u>
		<u>\$ 10,584,563</u>	<u>10,733,791</u>

There were bonds and notes authorized but not issued at December 31, 2024 and December 31, 2023 of \$35,587 and \$35,587 (Exhibit D-25).

See accompanying notes to financial statements.

TOWNSHIP OF SADDLE BROOK

Statement of Operations and Changes in Fund Balance - Regulatory Basis

Water Utility Operating Fund

For the Years Ended December 31, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Revenue and other income:		
Fund Balance Anticipated	\$ 215,000	498,950
Rents	3,401,884	3,023,281
Interest on Delinquencies	25,280	20,522
Interest on Investments	26,235	12,185
Miscellaneous Revenues not Anticipated	367,416	637
Liabilities cancelled	3,670	4,936
Unexpended Balance of Appropriation Reserves	<u>54,297</u>	<u>148,827</u>
Total Revenue and Other Income	<u>4,093,782</u>	<u>3,709,338</u>
Expenditures:		
Operating	2,897,895	2,855,000
Capital Improvements	56,126	65,000
Debt Service	545,323	507,950
Deferred Charges and Statutory Expenditures	<u>145,000</u>	<u>145,000</u>
Total Expenditures	<u>3,644,344</u>	<u>3,572,950</u>
Excess (Deficit) in Revenues	449,438	136,388
Fund Balance, January 1	<u>215,303</u>	<u>577,865</u>
	664,741	714,253
Decreased by Utilization by Water Operating Budget	<u>215,000</u>	<u>498,950</u>
Balance, December 31	<u><u>\$ 449,741</u></u>	<u><u>215,303</u></u>

See accompanying notes to financial statements.

TOWNSHIP OF SADDLE BROOK

Schedule of Fund Balance

Water Utility Capital Fund

Year ended December 31, 2024

	<u>2024</u>	<u>2023</u>
Balance, December 31, 2023	\$ <u>11,437</u>	<u>11,437</u>
Balance, December 31, 2024	\$ <u><u>11,437</u></u>	<u><u>11,437</u></u>

See accompanying notes to financial statements.

TOWNSHIP OF SADDLE BROOK

Statement of Revenues - Regulatory Basis

Water Utility Operating Fund

Year ended December 31, 2024

	<u>Anticipated</u>	<u>Realized</u>	<u>Excess (deficit)</u>
Surplus	\$ 215,000	215,000	
Rents	3,020,000	3,020,434	434
Rents - Additional	381,450	381,450	
Interest on Investments	10,000	26,235	16,235
Interest on Delinquent Billings	20,000	25,280	5,280
Miscellaneous		367,416	367,416
	<u>\$ 3,646,450</u>	<u>4,035,815</u>	<u>389,365</u>

Analysis of Realized Revenue

Rents	\$ 3,379,657
Overpayments Applied	<u>22,227</u>
	<u>3,401,884</u>

<u>Miscellaneous</u>	
Due from Escrow Trust Fund	367,401
Miscellaneous	<u>15</u>
	<u>\$ 367,416</u>

See accompanying notes to financial statements.

TOWNSHIP OF SADDLE BROOK

Statement of Expenditures - Regulatory Basis

Water Utility Operating Fund

Year ended December 31, 2024

	Appropriations		Expended		Canceled
	Budget	Budget after Modification	Paid or Charged	Reserved	
Operating:					
Salaries and Wages	\$ 425,000	352,530	352,530		
Other Expenses	2,464,900	2,545,365	2,545,365		
Total Operating	2,889,900	2,897,895	2,897,895		
Capital Improvements					
Capital Outlay	65,000	56,126	10,225	45,901	
	65,000	56,126	10,225	45,901	
Deferred Charges and Statutory Expenditures:					
Statutory Expenditures - Contribution to:					
Social Security System (O.A.S.I.)	50,000	50,000	27,568	22,432	
Public Employees' Retirement System	95,000	95,000	95,000		
Total Deferred Charges and Statutory Expenditures	145,000	145,000	122,568	22,432	
Debt Service:					
Payment of Bond Principal	334,450	334,450	334,450		
Interest on Bonds	100,000	100,074	100,074		
Interest on Bond Anticipation Notes	35,100	35,905	35,905		
EIT Debt Service	77,000	77,000	74,894		2,106
	546,550	547,429	545,323		2,106
	\$ 3,646,450	3,646,450	3,576,011	68,333	2,106

Cash Disbursed	\$ 3,436,436
Reserve for Encumbrances	29,057
Accrued Interest on Bonds	100,074
Accrued Interest on Loans	10,444
	<u>\$ 3,576,011</u>

See accompanying notes to financial statements.

TOWNSHIP OF SADDLE BROOK

Comparative Statement of General Fixed Assets - Regulatory Basis

December 31, 2024 and 2023

	<u>2024</u>	<u>2023</u>
<u>General Fixed Assets:</u>		
Land and Land Improvements	\$ 14,464,077	15,921,387
Buildings	34,430,510	34,393,230
Machinery and Equipment	<u>12,812,421</u>	<u>12,879,075</u>
	<u>\$ 61,707,008</u>	<u>63,193,692</u>
 Investment in Fixed Assets	 <u>\$ 61,707,008</u>	 <u>63,193,692</u>

See accompanying notes to financial statements.

TOWNSHIP OF SADDLE BROOK

Comparative Balance Sheets-Regulatory Basis

Payroll Account

December 31, 2024 and 2023

	<u>2024</u>	<u>2023</u>
<u>Assets</u>		
Cash	\$ <u>121,449</u>	<u>83,616</u>
<u>Liabilities</u>		
Interfund - Current Fund - Net Payroll	\$ 66,031	66,031
Interfund - Current Fund - Agency	29,395	
Interfund - Unemployment Trust Fund	6,414	
Withholdings Payable	<u>19,609</u>	<u>17,585</u>
	\$ <u>121,449</u>	<u>83,616</u>

See accompanying notes to the financial statements.

**TOWNSHIP OF SADDLE BROOK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The GASB Codification establishes seven fund types and two account groups to be used by governmental units when reporting financial position and results of operations in accordance with accounting principles generally accepted in the United States of America (GAAP).

The financial statements of the Township of Saddle Brook have been prepared in conformity with accounting principles and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division") which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Such principles and practices are designed primarily for determining compliance with legal provisions and budgetary restrictions and as a means of reporting on the stewardship of public officials with respect to public funds. Under this method of accounting, the Township accounts for its financial transactions through the following separate funds which differ from the fund structure required by GAAP.

A. Reporting Entity

The Township of Saddle Brook (the "Township") operates under a Mayor/Council form of government. The Township's major operations include public safety, road repair and maintenance, sanitation, fire protection, recreation and parks, health services, and general administrative services.

GASB has issued Statement No. 14 which requires the financial reporting entity to include both the primary government and those component units for which the primary government is financially accountable. Financial accountability is defined as appointment of a voting majority of the component unit's board, and either a) the ability to impose will by the primary government, or b) the possibility that the component unit will provide a financial benefit to or impose a financial burden on the primary government.

However, the municipalities in the State of New Jersey do not prepare financial statements in accordance with GAAP and thus do not comply with all the GASB pronouncements. The financial statements contained herein include only those boards, bodies, officers or commissions as required by NJS 40A:5-5. Accordingly, the financial statements of the Township do not include the volunteer fire department which is considered a component unit under GAAP. Complete financial statements of the above components can be obtained by contacting the Treasurer of the respective entity.

TOWNSHIP OF SADDLE BROOK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023
(continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

B. Measurement Focus, Basis of Accounting and Basis of Presentation

The Township uses funds, as required by the Division, to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial administration by segregating transactions related to certain Township functions or activities. An account group, on the other hand, is designed to provide accountability for certain assets and liabilities that are not recorded in those Funds.

The Township has the following funds and account groups:

Current Fund - This fund accounts for resources and expenditures for governmental operations of a general nature, including Federal and State grants.

Trust Funds - Trust Funds are used to account for assets and resources held by the government in a trustee capacity for individuals, private organizations, or other governments.

Animal License Trust Fund - This fund is used to account for fees collected from animal licenses and expenditures which are regulated by NJS 4:19-15.11.

General Capital Fund - This fund is used to account for the receipt and disbursement of funds used for acquisition or improvement of general capital facilities, other than those acquired in the Current Fund.

Water Utility Operating Fund - This fund is used to account for all revenues and expenditures applicable to the operations of the water and sewer department.

Water Capital Fund - This fund is used to account for financial resources to be used for the acquisition or improvement of water and sewer capital facilities. The major resources are derived from the issuance of debt.

Payroll Account - This account is used for the processing of all payroll transactions including federal and state tax withholdings, employee deductions and net payroll distributed to employees.

TOWNSHIP OF SADDLE BROOK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023
(continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

B. Measurement Focus, Basis of Accounting and Basis of Presentation, (continued)

General Fixed Assets Account Group – This fund is used to account for all fixed assets of the Township. The Township’s infrastructure is not reported in the group.

Basis of Accounting

A modified accrual basis of accounting is followed by the Township of Saddle Brook. Under this method of accounting revenues, except State/Federal Aid, are recognized when received and expenditures are recorded, when incurred. The accounting principles and practices prescribed for municipalities by the Division differ in certain respects from accounting principles generally accepted in the United States of America (GAAP) applicable to local government units. The more significant differences are as follows:

Property Tax Revenues - Real property taxes are assessed locally, based upon the assessed value of the property. The tax bill includes a levy for Municipal, County, and School purposes. The bills are mailed annually in June for that calendar years’ levy. Taxes are payable in four quarterly installments on February 1, May 1, August 1, and November 1. The amounts of the first and second installments are determined as one quarter of the total tax levied against the property for the preceding year. The installment due the third and fourth quarters is determined by taking the current year levy less the amount previously charged for the first and second installments, with the remainder being divided equally. If unpaid on these dates, the amount due becomes delinquent and subject to interest at 8% per annum, or 18% on any delinquency amount in excess of \$1,500. Additionally, a 6% penalty is assessed for balances over \$10,000 if not paid by the end of the calendar year. The school levy is turned over to the Board of Education as expenditures are incurred, and the balance, if any, must be transferred as of June 30, of each fiscal year. County taxes are paid quarterly on February 15, May 15, August 15 and November 15, to the County by the Township. When unpaid taxes or any municipal lien, or part thereof, on real property, remains in arrears on the 11th day of the 11th month of the current year that taxes are levied, the collector in the municipality shall subject to the provisions of the New Jersey Statutes enforce the lien by placing the property on a tax sale. Annual in rem tax foreclosure proceedings are instituted to enforce the tax collection or acquisition of title to the property by the Township. In accordance with the accounting principles prescribed by the State of New Jersey, current and delinquent taxes are realized as revenue when collected. Since delinquent taxes and liens are fully reserved, no provision has been made to estimate that portion of the taxes receivable and tax title liens that are uncollectible. GAAP requires property tax revenues to be recognized in the accounting period when they become susceptible to accrual, reduced by an allowance for doubtful accounts.

TOWNSHIP OF SADDLE BROOK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023
(continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

B. Measurement Focus, Basis of Accounting and Basis of Presentation, (continued)

Basis of Accounting, (continued)

Water Utility Revenues - Water usage revenues are determined locally, based upon quarterly usage by property. The bills are mailed quarterly and are payable 30 days after billing. If unpaid on these dates, the amount due becomes delinquent and subject to interest at 8% per annum on the first \$1,500, or 18% on any delinquency amount in excess of \$1,500. When unpaid bills or any municipal lien, or part thereof, on real property, remains in arrears, the collector in the municipality shall subject to the provisions of the New Jersey Statutes enforce the lien by placing the water and sewer collection on a lien sale. In accordance with the accounting principles prescribed by the State of New Jersey, current and delinquent water and sewer billings are realized as revenue when collected. Since delinquent bills and liens are fully reserved, no provision has been made to estimate that portion of the receivable and liens that are uncollectible. GAAP requires water and sewer revenues to be recognized in the accounting period when they become susceptible to accrual, reduced by an allowance for doubtful accounts.

Miscellaneous Revenues - Miscellaneous revenues are recognized on a cash basis. Receivables for the miscellaneous items that are susceptible to accrual are recorded with offsetting reserves on the balance sheet of the Township's Current Fund and Water Utility Operating Fund. GAAP requires such revenues to be recognized in the accounting period when they become susceptible to accrual.

Grant Revenues - Federal and State grants, entitlements or shared revenues received for purposes normally financed through the Current Fund are recognized when anticipated in the Township's budget. GAAP requires such revenues to be recognized in the accounting period when they become susceptible to accrual.

Budgets and Budgetary Accounting - An annual budget is required to be adopted and integrated into the accounting system to provide budgetary control over revenues and expenditures for the Current Fund and Water Utility Fund. Budget amounts presented in the accompanying financial statements represent amounts adopted by the Township and approved by the State Division of Local Government Services per N.J.S.A. 40A:4 et seq.

The Township is not required to adopt budgets for the following funds:

- General Capital Fund
- Trust Fund
- Water Utility Capital Fund

TOWNSHIP OF SADDLE BROOK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023
(continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

B. Measurement Focus, Basis of Accounting and Basis of Presentation, (continued)

Basis of Accounting, (continued)

The governing body shall introduce and approve the annual budget not later than March 29, of the fiscal year. The budget shall be adopted not later than April 30, and prior to adoption must be certified by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. The Director of the Division of Local Government Services, with the approval of the Local Finance Board may extend the introduction and approval and adoption dates of the municipal budget. The budget is prepared by fund, function, activity and line item (salary or other expense) and includes information on the previous year. The legal level of control for appropriations is exercised at the individual line-item level for all operating budgets adopted. Emergency appropriations, those made after the adoption of the budget and determination of the tax rate, may be authorized by the governing body of the municipality.

During the last two months of the fiscal year, the governing body may, by a 2/3 vote, amend the budget through line-item transfers. Management has no authority to amend the budget without the approval of the Governing Body. Expenditures may not legally exceed budgeted appropriations at the line-item level.

During the years ended December 31, 2024, and 2023, the Governing Body approved additional revenues and appropriations of \$43,000 and \$-0-, respectively, in accordance with N.J.S.A. 40A:4-87. A special emergency appropriation for the preparation of tax maps in the amount of \$135,000 was also approved in 2024. In addition, several budget transfers were approved by the governing body in 2024 and 2023.

Expenditures - Are recorded on the "budgetary" basis of accounting. Generally, expenditures are recorded when an amount is encumbered for goods or services through the issuance of a purchase order in conjunction with an encumbrance accounting system. Outstanding encumbrances at December 31, are reported as a cash liability in the financial statements. Unexpended or uncommitted appropriations at December 31, are reported as expenditures through the establishment of appropriation reserves unless canceled by the governing body. GAAP requires expenditures to be recognized in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest on general long-term debt, which should be recognized when due.

Encumbrances - Contractual orders outstanding at December 31, are reported as expenditures through the establishment of an encumbrance payable. Encumbrances do not constitute expenditures under GAAP.

TOWNSHIP OF SADDLE BROOK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023
(continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

B. Measurement Focus, Basis of Accounting and Basis of Presentation, (continued)

Basis of Accounting, (continued)

Appropriation Reserves - Are available, until lapsed at the close of the succeeding year, to meet specific claims, commitments or contracts incurred during the preceding year. Lapsed appropriation reserves are recorded as additions to income. Appropriation reserves do not exist under GAAP.

Compensated Absences - Expenditures relating to obligations for unused vested accumulated vacation and sick pay are not recorded until paid. GAAP requires that the amount that would normally be liquidated with expendable available financial resources be recorded as an expenditure in the operating funds and the remaining obligations be recorded as a long-term obligation.

Property Acquired for Taxes - Is recorded in the Current Fund at the assessed valuation when such property was acquired and fully reserved. GAAP requires such property to be recorded in the General Fixed Assets Account Group at market value on the date of acquisition.

Interfunds - Interfund receivables in the Current Fund are recorded with offsetting reserves which are created by charges to operations. Income is recognized in the year the receivables are liquidated. Interfund receivables in the other funds are not offset by reserves. GAAP does not require the establishment of an offsetting reserve.

Inventories - The costs of inventories of supplies for all funds are recorded as expenditures at the time individual items are purchased. The costs of inventories are not included on the various balance sheets.

Cash and Investments - Cash includes amounts in demand deposits as well as short-term investments with a maturity date within one year of the date acquired by the government. Investments are stated at fair value which approximates cost and are limited by N.J.S.A. 40A:5-15.1(a).

Deferred Charges to Future Taxation Funded and Unfunded - Upon the authorization of capital projects, the Township establishes deferred charges for the costs of the capital projects to be raised by future taxation. Funded deferred charges relate to permanent debt issued, whereas unfunded deferred charges relate to temporary or non-funding of the authorized cost of capital projects. According to N.J.S.A. 40A:2-4, the Township may levy taxes on all taxable property within the local unit to repay the debt. Annually, the Township raises the debt requirements for that particular year in the current budget. As the funds are raised by taxation, the deferred charges are reduced.

TOWNSHIP OF SADDLE BROOK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023
(continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

B. Measurement Focus, Basis of Accounting and Basis of Presentation, (continued)

Basis of Accounting, (continued)

General Fixed Assets - The Township of Saddle Brook has developed a fixed assets accounting and reporting system, as promulgated by the Division of Local Government Services, which differs in certain respects from generally accepted accounting principles.

Fixed assets used in governmental operations (general fixed assets) are accounted for in the General Fixed Assets Account Group. Public domain ("infrastructure") general fixed assets consisting of certain improvements other than buildings, such as roads, bridges, curbs and gutters, streets and sidewalks and drainage systems are not capitalized.

Fixed assets acquired by the Water Utility Fund are capitalized as Fixed Capital and not depreciated.

All fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available.

No depreciation has been provided for in the financial statements.

Expenditures for construction in progress are recorded in the Capital Funds until such time as the construction is completed and put into operation.

Fixed assets acquired through grants in aid or contributed capital have not been accounted for separately.

GAAP requires that fixed assets be capitalized at historical or estimated historical cost if actual historical cost is not available.

Use of Estimates - The preparation of financial statements requires management of the Township to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

TOWNSHIP OF SADDLE BROOK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023
(continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

B. Measurement Focus, Basis of Accounting and Basis of Presentation, (continued)

Basis of Accounting, (continued)

Comparative Data - Comparative data for the prior year has been presented in the accompanying balance sheets and statements of operations in order to provide an understanding of changes in the Township's financial position and operations. However, comparative data have not been presented in all statements because their inclusion would make certain statements unduly complex and difficult to understand.

Recent Accounting Pronouncements

The following GASB statement became effective for the fiscal year ended December 31, 2024:

GASB Statement No. 101, *Compensated Absences*. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. As a result of the regulatory basis of accounting described in note 1, this Statement will have no impact on the financial statements of the Township.

The Governmental Accounting Standards Board (GASB) has issued the following statements that have effective dates that may affect future financial presentations:

In December 2023, the Government Accounting Standards Board issued GASB Statement No. 102, *Certain Risk Disclosures*. This Statement requires a government to assess whether a concentration or constraint makes the primary government reporting unit or other reporting units that report a liability for revenue debt vulnerable to the risk of a substantial impact. Additionally, this Statement requires a government to assess whether an event or events associated with a concentration or constraint that could cause the substantial impact have occurred, have begun to occur or are more likely than not to begin to occur within 12 months of the date the financial statements are issued. The requirements of this Statement are effective for fiscal years beginning after June 15, 2024, and all reporting periods thereafter. Management is currently evaluating whether or not this Statement will have an impact on the basic financial statements of the Township.

TOWNSHIP OF SADDLE BROOK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023
(continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

B. Measurement Focus, Basis of Accounting and Basis of Presentation, (continued)

Recent Accounting Pronouncements, (continued)

In April 2024, the Government Accounting Standards Board issued GASB Statement No. 103, *Financial Reporting Model Improvements*. The objective of this Statement is to improve key components of the financial reporting model to enhance its' effectiveness in providing information that is essential for decision making and assessing a government's accountability. This Statement also addresses certain application issues. The requirements of this Statement are effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter, though, earlier application is encouraged. Management is currently reviewing the provisions of this Statement and plans to implement, as needed, before the effective date.

C. Basic Financial Statements

The GASB Codification also defines the financial statements of a governmental unit to be presented in the general-purpose financial statements to be in accordance with GAAP. The Township presents the financial statements listed in the table of contents which are required by the Division, and which differ from the financial statements required by GAAP. In addition, the Division requires the financial statements listed in the table of contents to be referenced to the supplementary schedules. This practice differs from GAAP.

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**TOWNSHIP OF SADDLE BROOK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023
(continued)**

NOTE 2. CASH, CASH EQUIVALENTS AND INVESTMENTS

Cash

Custodial Credit Risk - Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Township's policy is based on New Jersey Statutes requiring cash be deposited only in New Jersey based banking institutions that participate in New Jersey Governmental Depository Protection Act (GUDPA) or in qualified investments established in New Jersey Statutes 40A:5-15.1(a) that are treated as cash equivalents. As of December 31, 2024, and 2023, \$-0- of the Township's bank balance of \$11,754,129 and \$12,674,029, respectively, were exposed to custodial credit risk.

Investments

Investment Rate Risk

The Township does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. However, New Jersey Statutes 40A:5-15.1(a) limits the length of time for most investments to 397 days.

Credit Risk

New Jersey Statutes 40A:5-15.1(a) limits municipal investments to those specified in the Statutes. The type of allowance investments are Bonds of the United States of America, bonds or other obligations of the towns or bonds or other obligations of the local unit or units within which the town is located: obligations of federal agencies not exceeding 397 days; government money market mutual funds; the State of New Jersey Cash Management Plan; local government investment pools; or repurchase of fully collateralized securities.

Concentration of Credit Risk

The Township places no limit on the amount the Township may invest in any one issuer.

TOWNSHIP OF SADDLE BROOK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023
(continued)

NOTE 2. CASH, CASH EQUIVALENTS AND INVESTMENTS, (continued)

Unaudited Investments

As more fully described in Note 11, the Township has created a Length of Service Award Program (LOSAP) for emergency service volunteers. The LOSAP investments are similar to those allowed in a deferred compensation program as specified in NJSA 43:15B-1 et. seq. except that all investments are retained in the name of the Township. All investments are valued at fair value. In accordance with NJAC 5:30-14.37, the investments are maintained by Lincoln Financial Group, which is an authorized provider approved by the Division of Local Government Services. The balance in the account on December 31, 2024, and 2023 amounted to \$3,880,577 and \$3,273,386, respectively.

The following investments represent 5% or more of the total invested with Lincoln Financial Group on December 31, 2024, and 2023:

American Funds Growth	\$ 579,068	\$ 438,513
Fidelity VIP Growth	332,789	243,894
Fixed	364,526	347,734
LVIP SSGA S&P 500 Index Fund	1,123,004	997,479
All Others	<u>1,481,190</u>	<u>1,245,766</u>
	<u>\$ 3,880,577</u>	<u>\$ 3,273,386</u>

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TOWNSHIP OF SADDLE BROOK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023
(continued)

NOTE 3. MUNICIPAL DEBT

Long-term debt as of December 31, 2024, and 2023 consisted of the following:

	Balance <u>Dec. 31, 2023</u>	<u>Additions</u>	<u>Reductions</u>	Balance <u>Dec. 31, 2024</u>	Amounts Due Within <u>One Year</u>
Bonds Payable					
General Obligation Debt	\$ 45,196,250	\$ -	\$ 2,315,550	\$ 42,880,700	\$ 2,291,350
Water Utility Obligation Debt	<u>4,183,750</u>	<u>-</u>	<u>334,450</u>	<u>3,849,300</u>	<u>348,650</u>
Total Bonds Payable	<u>49,380,000</u>	<u>-</u>	<u>2,650,000</u>	<u>46,730,000</u>	<u>2,640,000</u>
Other Liabilities:					
Pension Deferral	68,937	74,305 (*)	68,937	74,305	74,305
General Capital:					
NJEIT Loans Payable	467,734	-	114,080	353,654	112,105
Water Capital:					
NJEIT Loans Payable	937,369	-	64,450	872,919	64,450
Compensated Absences Payable	<u>4,096,901</u>	<u>1,185,609</u>	<u>569,023</u>	<u>4,713,487</u>	<u>-</u>
Total Other Liabilities	<u>5,570,941</u>	<u>1,259,914</u>	<u>816,490</u>	<u>6,014,365</u>	<u>250,860</u>
	<u>\$ 54,950,941</u>	<u>\$ 1,259,914</u>	<u>\$ 3,466,490</u>	<u>\$ 52,744,365</u>	<u>\$ 2,890,860</u>
	Balance <u>Dec. 31, 2022</u>	<u>Additions</u>	<u>Reductions</u>	Balance <u>Dec. 31, 2023</u>	Amounts Due Within <u>One Year</u>
Bonds Payable					
General Obligation Debt	\$ 47,170,300	\$ -	\$ 1,974,050	\$ 45,196,250	\$ 2,315,550
Water Utility Obligation Debt	<u>4,504,700</u>	<u>-</u>	<u>320,950</u>	<u>4,183,750</u>	<u>334,450</u>
Total Bonds Payable	<u>51,675,000</u>	<u>-</u>	<u>2,295,000</u>	<u>49,380,000</u>	<u>2,650,000</u>
Other Liabilities:					
Pension Deferral	101,527	30,963 (*)	63,553	68,937	68,937
General Capital:					
NJEIT Loans Payable	575,411	-	107,677	467,734	114,080
Water Capital:					
NJEIT Loans Payable	1,001,819	-	64,450	937,369	64,450
Compensated Absences Payable	<u>3,544,282</u>	<u>951,777</u>	<u>399,158</u>	<u>4,096,901</u>	<u>-</u>
Total Other Liabilities	<u>5,223,039</u>	<u>982,740</u>	<u>634,838</u>	<u>5,570,941</u>	<u>247,467</u>
	<u>\$ 56,898,039</u>	<u>\$ 982,740</u>	<u>\$ 2,929,838</u>	<u>\$ 54,950,941</u>	<u>\$ 2,897,467</u>

* - Adjustment was made to agree ending balance with billing amount from subsequent year. Additional adjustments will be needed in the future for additional amounts added by the State which are unknown at this time.

TOWNSHIP OF SADDLE BROOK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023
(continued)

NOTE 3. MUNICIPAL DEBT, (continued)

The Local Bond Law governs the issuance of bonds and notes to finance capital expenditures. General obligation bonds have been issued for the general capital fund. All bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the Township are general obligation bonds, backed by the full faith and credit of the Township. Bond anticipation notes, which are issued to temporarily finance capital projects, must be paid off within ten years and five months or retired by the issuance of bonds.

The Township's debt is summarized as follows:

Summary of Municipal Debt (Excluding Current Operating Debt)

	<u>Year 2024</u>	<u>Year 2023</u>	<u>Year 2022</u>
<u>Issued:</u>			
General - Bonds, Notes and Loans	\$ 55,929,354	\$ 53,979,984	\$ 53,594,711
Water Utility - Bonds, Notes and Loans	5,502,219	5,901,119	5,506,519
	<u>61,431,573</u>	<u>59,881,103</u>	<u>59,101,230</u>
 <u>Authorized But Not Issued</u>			
General - Bonds and Notes	3,505,745	5,011,268	3,689,528
Water Utility - Bonds and Notes	35,587	35,587	815,587
	<u>3,541,332</u>	<u>5,046,855</u>	<u>4,505,115</u>
 Total Bonds, Notes and Loans Issued and Authorized But Not Issued	64,972,905	64,927,958	63,606,345
Less: Deductions	<u>5,711,645</u>	<u>6,553,850</u>	<u>6,661,944</u>
Net Debt	<u>\$ 59,261,260</u>	<u>\$ 58,374,108</u>	<u>\$ 56,944,401</u>

Summary of Statutory Debt Condition - Annual Debt Statement

The summarized statement of debt condition which follows is prepared in accordance with the required method of setting up the Annual Debt Statement and indicates a statutory net debt of 1.830% for 2024:

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
School District Debt	\$ 17,436,180	\$ 17,436,180	\$ -
Water Utility	5,537,806	5,537,806	-
General Debt	59,435,099	173,839	59,261,260
	<u>\$ 82,409,085</u>	<u>\$ 23,147,825</u>	<u>\$ 59,261,260</u>

Net debt of \$59,261,260 divided by equalized valuation basis per N.J.S.A. 40A:2-2 as amended of \$3,237,437,405 equals 1.830%.

TOWNSHIP OF SADDLE BROOK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023
(continued)

NOTE 3. MUNICIPAL DEBT, (continued)

The summarized statement of debt condition which follows is prepared in accordance with the required method of setting up the Annual Debt Statement and indicates a statutory net debt of 1.941% for 2023:

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
School District Debt	\$ 3,939,000	\$ 3,939,000	\$ -
Water Utility	6,716,705	6,716,705	-
General Debt	<u>58,991,252</u>	<u>617,144</u>	<u>58,374,108</u>
	<u>\$ 69,646,957</u>	<u>\$ 11,272,849</u>	<u>\$ 58,374,108</u>

Net debt of \$58,374,108 divided by equalized valuation basis per N.J.S.A. 40A:2-2 as amended of \$3,007,272,935 equals 1.941%.

Borrowing Power Available under N.J.S.A. 40A:2-6 as Amended

	<u>2024</u>	<u>2023</u>
3 1/2% of Equalized Valuation Basis (Municipal)	\$ 113,310,309	\$ 105,254,553
Net Debt	<u>59,261,260</u>	<u>58,374,108</u>
Remaining Borrowing Power	<u>\$ 54,049,049</u>	<u>\$ 46,880,445</u>

Calculation of "Self-Liquidating Purpose", Water Utility Per N.J.S.A. 40A:2-45

	<u>2024</u>	<u>2023</u>
Cash receipts from fees, rents or other charges for year	\$ 4,035,815	\$ 3,555,575
Deductions:		
Operating and Maintenance Cost	3,042,895	3,000,000
Debt Service per Water Account	<u>545,323</u>	<u>507,950</u>
Total Deductions	<u>3,588,218</u>	<u>3,507,950</u>
Excess in Revenue - Self-Liquidating	<u>\$ 447,597</u>	<u>\$ 47,625</u>

Footnote: If there is an "excess" in revenue, all such utility debt is deductible.

TOWNSHIP OF SADDLE BROOK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023
(continued)

NOTE 3. MUNICIPAL DEBT, (continued)

The Township's long-term debt consisted of the following at December 31, 2024:

Paid by Current Fund:

<u>General Serial Bonds</u>	<u>2024</u>	<u>2023</u>
\$14,907,900 Refunding Bonds - with an interest rate of 2.00% to 5.00% issued December 23, 2014, due through September 1, 2030	\$ 7,430,700	\$ 8,486,250
\$14,600,000 General Improvement Bonds - with an interest rate of 2.00% to 2.375% issued May 15, 2020, due through February 15, 2036	11,915,000	12,790,000
\$24,635,000 County Guaranteed Lease Revenue Bonds - with an interest rate of 5.00% to 4.00% issued May 13, 2020, due through August 1, 2048	<u>23,535,000</u>	<u>23,920,000</u>
Total General Serial Bonds	<u>\$ 42,880,700</u>	<u>\$ 45,196,250</u>

Intergovernmental Loans Payable

The Township has entered into a loan agreement with the New Jersey Environmental Infrastructure Bank for the financing related to the Township's combined storm water and sanitary sewer separation project:

	<u>2024</u>	<u>2023</u>
\$1,040,000 Trust Bonds Series 2007 - Trust Share - due in annual installments of \$50,000 to \$80,000 through August 1, 2027 with interest at 3.40% to 5.00%.	\$ 200,000	\$ 262,000
\$983,154 Trust Bond Series 2007 - Fund Share - due in annual installments of \$50,105 to \$52,934 through August 1, 2027 at a zero rate of interest	<u>153,654</u>	<u>205,734</u>
	<u>\$ 353,654</u>	<u>\$ 467,734</u>

**TOWNSHIP OF SADDLE BROOK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023
(continued)**

NOTE 3. MUNICIPAL DEBT, (continued)

Paid by the Water Utility Fund:

Water Utility Serial Bonds

	<u>2024</u>	<u>2023</u>
\$1,122,100 Refunding Water Utility Bonds - with an interest rate of 2.00% to 5.00% issued March 1, 2015, due through September 1, 2030	\$ 559,300	\$ 638,750
\$4,250,000 Water Utility Bonds - with an interest rate of 2.00% to 2.375% issued March 15, 2020, due through February 15, 2036	<u>3,290,000</u>	<u>3,545,000</u>
Total Water Utility Serial Bonds	<u>\$ 3,849,300</u>	<u>\$ 4,183,750</u>

Intergovernmental Loans Payable

The Township has entered into a loan agreement with the New Jersey Environmental Infrastructure Bank for the financing related to the Township's replacement of water mains.

	<u>2024</u>	<u>2023</u>
\$325,000 Trust Bond Series 2018 - Trust Share - due in annual installments of \$10,000 to \$25,000 through August 1, 2037 with interest at 3.00% to 5.00%	\$ 250,000	\$ 265,000
\$972,520 Trust Bond Series 2018 - Fund Share - due in annual installments \$32,967 to \$49,450 through August 1, 2038 at a zero rate of interest	<u>622,919</u>	<u>672,369</u>
	<u>\$ 872,919</u>	<u>\$ 937,369</u>

**TOWNSHIP OF SADDLE BROOK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023
(continued)**

NOTE 3. MUNICIPAL DEBT, (continued)

Aggregate debt service requirements during the next five years and thereafter are as follows:

Year	General Capital				
	Bonds		Loans		Total
	Principal	Interest	Principal	Interest	
2025	\$ 2,291,350	\$ 1,659,435	\$ 112,105	\$ 10,025	\$ 4,072,915
2026	2,192,150	1,479,450	118,265	6,912	3,796,777
2027	2,283,650	1,398,498	123,284	3,475	3,808,907
2028	2,480,150	1,313,093	-	-	3,793,243
2029	2,795,950	1,220,699	-	-	4,016,649
2030-2034	10,992,450	4,858,639	-	-	15,851,089
2035-2039	7,540,000	3,222,750	-	-	10,762,750
2040-2044	6,280,000	2,017,300	-	-	8,297,300
2045-2049	6,025,000	614,200	-	-	6,639,200
	<u>\$ 42,880,700</u>	<u>\$ 17,784,063</u>	<u>\$ 353,654</u>	<u>\$ 20,412</u>	<u>\$ 61,038,829</u>

	Water Utility				
	Bonds		Loans		Total
	Principal	Interest	Principal	Interest	
2025	\$ 348,650	\$ 91,342	\$ 64,450	\$ 8,719	\$ 513,161
2026	362,850	81,422	64,450	7,969	516,691
2027	376,350	71,958	64,450	7,219	519,977
2028	389,850	62,142	69,450	6,469	527,911
2029	404,050	51,973	69,450	5,869	531,342
2030-2034	1,967,550	116,767	347,250	20,269	2,451,836
2035-2037	-	-	193,419	4,531	197,950
	<u>\$ 3,849,300</u>	<u>\$ 475,605</u>	<u>\$ 872,919</u>	<u>\$ 61,045</u>	<u>\$ 5,258,869</u>

General capital, water capital and assessment serial bonds are direct obligations of the Township for which its full faith and credit are pledged, and are payable from taxes levied on all taxable property located within the Township and/or water utilities revenues and special assessments.

**TOWNSHIP OF SADDLE BROOK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023
(continued)**

NOTE 3. MUNICIPAL DEBT, (continued)

At December 31, 2024 and 2023, the Township had authorized but not issued debt as follows:

	<u>2024</u>	<u>2023</u>
General Capital Fund	\$ 3,505,745	\$ 5,011,268
Water Utility Capital Fund	35,587	35,587

NOTE 4. BOND ANTICIPATION NOTES

The Township issues bond anticipation notes to temporarily fund various capital projects prior to the issuance of serial bonds. The term of the notes cannot exceed one year but the notes may be renewed from time to time for a period not exceeding one year. Generally, such notes must be paid no later than the first day of the fifth month following the close of the tenth anniversary of the date of the original note. The State of New Jersey also prescribes that on or before the third anniversary date of the original note a payment of an amount at least equal to the first legally payable installment of the bonds in anticipation of which such notes were issued be paid or retired. A second and third legal installment must be paid if the notes are to be renewed beyond the fourth and fifth anniversary date of the original issuance.

On December 31, 2024 and 2023, the Township had \$12,695,000 and \$8,316,000, respectively, in outstanding General Capital Bond Anticipation Notes. The Township also had \$780,000 and \$780,000, respectively, in outstanding Water Utility Capital Bond Anticipation Notes for the years ended December 31, 2024 and 2023.

The following activity related to bond anticipation notes occurred during the calendar years ended December 31, 2024 and 2023:

	<u>2024</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
<u>General Capital Notes Payable:</u>					
BNY Mellon Capital Markets, LLC	\$	8,316,000	\$ -	\$ 8,316,000	\$ -
Spencer Savings Bank, SLA		-	3,912,000	-	3,912,000
Piper Sandler & Co.		-	8,783,000	-	8,783,000
	\$	<u>8,316,000</u>	<u>\$ 12,695,000</u>	<u>\$ 8,316,000</u>	<u>\$ 12,695,000</u>
 <u>Water Utility Capital Notes Payable:</u>					
Piper Sandler & Co.	\$	-	\$ 780,000	\$ -	\$ 780,000
BNY Mellon Capital Markets, LLC		780,000	-	780,000	-
		<u>780,000</u>	<u>780,000</u>	<u>780,000</u>	<u>780,000</u>
	\$	<u>9,096,000</u>	<u>\$ 13,475,000</u>	<u>\$ 9,096,000</u>	<u>\$ 13,475,000</u>

**TOWNSHIP OF SADDLE BROOK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023
(continued)**

NOTE 4. BOND ANTICIPATION NOTES, (continued)

<u>2023</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
<u>General Capital Notes Payable:</u>				
BNY Mellon Capital Markets, LLC	\$ -	\$ 8,316,000	\$ -	\$ 8,316,000
Spencer Savings Bank, SLA	5,849,000	-	5,849,000	-
	<u>\$ 5,849,000</u>	<u>\$ 8,316,000</u>	<u>\$ 5,849,000</u>	<u>\$ 8,316,000</u>
<u>Water Utility Capital Notes Payable:</u>				
BNY Mellon Capital Markets, LLC	-	780,000	-	780,000
	-	780,000	-	780,000
	<u>\$ 5,849,000</u>	<u>\$ 9,096,000</u>	<u>\$ 5,849,000</u>	<u>\$ 9,096,000</u>

NOTE 5. LOCAL DISTRICT SCHOOL TAXES AND REGIONAL HIGH SCHOOL TAXES

Regulations provide for the deferral of not more than 50% of the annual levy when school taxes are raised for a school year and have not been requisitioned by the school district. The Township of Saddle Brook has elected not to defer school taxes.

NOTE 6. PENSION PLANS

Description of Plans:

Township employees participate in one of the two contributory, defined benefit public employee retirement systems: the State of New Jersey Public Employees' Retirement System (PERS) or the State of New Jersey Police and Firemen's Retirement System (PFRS); or the Defined Contribution Retirement Program (DCRP), a tax-qualified defined contribution money purchase pension plan under Internal Revenue Code (IRC) 401(a).

Public Employees' Retirement System (PERS)

Plan Description

The State of New Jersey Public Employees' Retirement System (PERS) is a cost-sharing multiple-employer defined benefit pension plan administered by the State of New Jersey, Division of Pensions and Benefits (the "Division"). For additional information about the PERS, please refer to the Division's annual financial statements, which can be found at www.state.nj.us/treasury/pensions/annual-reports.shtml.

**TOWNSHIP OF SADDLE BROOK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023
(continued)**

NOTE 6. PENSION PLANS, (continued)

Description of Systems, (continued)

Public Employees' Retirement System (PERS), (continued)

Benefits Provided

The vesting and benefit provisions are set by N.J.S.A. 43:15A. PERS provides retirement, death and disability benefits. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of PERS. The following represents the membership tiers for PERS:

<u>Tier</u>	<u>Definition</u>
1	Members who were enrolled prior to July 1, 2007
2	Members who were eligible to enroll on or after July 1, 2007, and prior to November 2, 2008
3	Members who were eligible to enroll on or after November 2, 2008, and prior to May 22, 2010
4	Members who were eligible to enroll on or after May 22, 2010, and prior to June 28, 2011
5	Members who were eligible to enroll on or after June 28, 2011

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to Tiers 1 and 2 members upon reaching age 60 and to Tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to Tier 4 members upon reaching age 62 and to Tier 5 members upon reaching age 65. Early retirement benefits are available to Tiers 1 and 2 members before reaching age 60, to Tiers 3 and 4 before age 62 with 25 or more years of service credit and Tier 5 with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the age at which a member can receive full early retirement benefits in accordance with their respective tier. Tier 1 members can receive an unreduced benefit from age 55 to age 60 if they have at least 25 years of service. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

TOWNSHIP OF SADDLE BROOK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023
(continued)

NOTE 6. PENSION PLANS, (continued)

Description of Systems, (continued)

Police and Firemen's Retirement System (PFRS)

Plan Description

The State of New Jersey Police and Firemen's Retirement System (PFRS) is a cost-sharing multiple-employer defined benefit pension plan administered by the State of New Jersey Division of Pensions and Benefits (the "Division"). For additional information about the PFRS, please refer to the Division's annual financial statements, which can be found at www.state.nj.us/treasury/pensions/annual-reports.shtml.

Benefits Provided

The vesting and benefit provisions are set by N.J.S.A. 43:16A. PFRS provides retirement, death and disability benefits. All benefits vest after ten years of service, except for disability benefits, which vest after 4 years of service. The following represents the membership tiers for PFRS:

<u>Tier</u>	<u>Definition</u>
1	Members who were enrolled prior to May 22, 2010
2	Members who were eligible to enroll on or after May 22, 2010, and prior to June 28, 2011
3	Members who were eligible to enroll on or after June 28, 2011

Service retirement benefits are available at age 55 and are generally determined to be 2% of final compensation for each year of creditable service, as defined, up to 30 years plus 1% for each year of service in excess of 30 years. Members may seek special retirement after achieving 25 years of creditable service, in which benefits would equal 65% (Tiers 1 and 2 members) and 60% (Tier 3 members) of final compensation plus 1% for each year of creditable service over 25 years but not to exceed 30 years. Members may elect deferred retirement benefits after achieving ten years of service, in which case benefits would begin at age 55 equal to 2% of final compensation for each year of service.

TOWNSHIP OF SADDLE BROOK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023
(continued)

NOTE 6. PENSION PLANS, (continued)

Defined Contribution Retirement Program

Empower jointly administers the DCRP investments with the NJ Division of Pensions and Benefits. If an employee is ineligible to enroll in the PERS or PFRS, the employee may be eligible to enroll in the DCRP. DCRP provides eligible members with a tax-sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. Vesting is immediate upon enrollment for members of the DCRP.

The State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, issues publicly available financial reports that include the financial statements and required supplementary information of the DCRP. The financial reports may be obtained by writing to the State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, PO Box 295, Trenton, New Jersey, 08625-0295.

Employers are required to contribute at an actuarially determined rate. Employee contributions are based on percentages of 5.50% for DCRP of employees' annual compensation, as defined. The DCRP was established July 1, 2007, under the provisions of Chapter 92, P.L. 2007 and expanded under the provisions of Chapter 89, P.L. 2008. Employee contributions for DCRP are matched by a 3% employer contribution.

Significant Legislation

On March 17, 2009, the legislative of the State of New Jersey enacted Public Laws 2009, c.19 (S-21) the "Pension Deferral Program". This law allows the Division of Pensions and Benefits to provide non-state government pension system employers the option of paying their full amount, or an amount that reflects a 50 percent reduction of the normal and accrued liability component of the Public Employees' Retirement System and/or the Police and Firemen's Retirement System obligation for payment due to the State Fiscal Year ending June 30, 2009. The amount deferred will be repaid starting in April 2012 over a 15-year period at 8¼ percent. The amount will fluctuate based on pension system investment earnings on the deferred amount. The local employer is allowed to payoff the obligation at any time prior to April 2012.

The Township of Saddle Brook opted for this deferral in the amount of \$544,476. The amount outstanding at December 31, 2024 was \$74,305.

TOWNSHIP OF SADDLE BROOK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023
(continued)

NOTE 6. PENSION PLANS, (continued)

Contribution Requirements

The contribution policy is set by laws of the State of New Jersey, and, in most retirement systems, contributions are required by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. The pension funds provide for employee contributions based on 5.5% for PERS. This amount will increase to 6.5% plus an additional 1% phased in over 7 years beginning 2012 and 8.5% for PFRS, which increased to 10% in October 2011, of the employee's annual compensation, as defined by law. Employers are required to contribute at an actuarially determined rate in all Funds except the SACT. The actuarially determined employer contribution includes funding for cost-of-living adjustments and noncontributory death benefits in the PERS and PFRS. In the PERS and PFRS, the employer contribution includes funding for post-retirement medical premiums.

The Township's contribution to the various plans, equal to the required contributions for each year, were as follows:

<u>Year</u>	<u>PERS</u>	<u>PFRS</u>	<u>DCRP</u>
2024	\$ 550,491	\$ 1,443,626	\$ 4,848
2023	524,611	1,394,385	5,948
2022	444,501	1,381,699	5,277

Statement No's 68 and 71 require a state or local government employer to recognize a net pension liability measured as of a date (the measurement date) no earlier than the end of its prior fiscal year. However, since the financial statements are prepared on another comprehensive basis of accounting, the net pension liability of the various pension systems is not recorded in the financial statements and is only required to be disclosed in the notes to the financial statements.

The following PERS pension information is as of June 30, 2023, which is the latest information available. This information is eighteen months prior to December 31, 2024. GASB Statement No. 68 requires that the information be no more than twelve months prior to the employer's fiscal year end. No modification of the Independent Auditor's Report is being made since the Division of Local Government Services, Department of Community Affairs, State of New Jersey, is permitting the regulatory basis of financial statements of Municipal, County and Library's to be issued with unmodified opinions until such time current pension information is available.

TOWNSHIP OF SADDLE BROOK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023
(continued)

NOTE 6. PENSION PLANS, (continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

Public Employees Retirement System (PERS)

At June 30, 2023, the Township had a liability of \$5,965,847 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2022, which was rolled forward to June 30, 2023. The Township's proportion of the net pension liability was based on a projection of the Township's long-term share of contributions to the pension plan relative to the projected contributions of all participating governmental entities, actuarially determined. At June 30, 2023, the Township's proportion was .0411881611 percent, which was a decrease of .0004130302 percent from its proportion measured as of June 30, 2022.

For the year ended December 31, 2024, the Township recognized pension expense of \$550,491.

At June 30, 2023, deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	Deferred Outflows of <u>Resources</u>	Deferred Inflows of <u>Resources</u>
Difference in actual and expected experience	\$ 57,041	\$ 24,386
Changes of assumptions	13,106	361,556
Net difference between projected and actual earnings on pension plan investments	27,474	
Changes in proportion and differences between Town contributions and proportionate share of contributions	<u>437,260</u>	<u>264,964</u>
	<u>\$ 534,881</u>	<u>\$ 650,906</u>

**TOWNSHIP OF SADDLE BROOK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023
(continued)**

NOTE 6. PENSION PLANS, (continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions, (continued)

Public Employees Retirement System (PERS), (continued)

Amounts reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date (June 30, 2023) will be recognized as a reduction of the net pension liability in the subsequent year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions (excluding changes in proportion) will be recognized in pension expense as follows:

<u>Year Ended June 30:</u>	
2024	\$ (314,974)
2025	(175,807)
2026	245,678
2027	(43,967)
2028	749

Changes in Proportion

The previous amounts do not include employer specific deferred outflows of resources and deferred inflows of resources related to changes in proportion. These amounts should be recognized (amortized) by each employer over the average of the expected remaining service lives of all plan members, which is 5.08, 5.04, 5.13, 5.16, 5.21 and 5.63 years for 2023, 2022, 2021, 2020, 2019 and 2018, respectively.

Additional Information

Local Group Collective balances net of nonemployer (State of New Jersey) balances at June 30, 2023 and June 30, 2022 are as follows:

	<u>June 30, 2023</u>	<u>June 30, 2022</u>
Collective deferred outflows of resources	\$ 1,080,204,730	\$ 1,660,772,008
Collective deferred inflows of resources	1,780,216,457	3,236,303,935
Collective net pension liability	14,606,489,066	1,521,914,920
Township's Proportion	0.00411881611%	0.00416011913%

TOWNSHIP OF SADDLE BROOK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023
(continued)

NOTE 6. PENSION PLANS, (continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions, (continued)

Public Employees Retirement System (PERS), (continued)

Actuarial Assumptions

The collective total pension liability for the June 30, 2023, measurement date was determined by an actuarial valuation as of July 1, 2022, which rolled forward to June 30, 2023. This actuarial valuation used the following assumptions, applied to all periods in the measurement.

Inflation Rate:	
Price	2.75%
Wage	3.25%
Salary Increases	2.75-6.55% based on years of service
Investment Rate of Return	7.00 Percent

Mortality Rates

Pre-retirement mortality rates were based on the Pub-2010 General Below-Median Income Employee mortality table with an 82.2% adjustment for males and 101.4% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 General Below-Median Income Healthy Retiree mortality table with a 91.4% adjustment for males and 99.7% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability retirement rates used to value disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 127.7% adjustment for males and 117.2% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement based on Scale MP-2021.

The actuarial assumptions used in the June 30, 2022, valuation were based on the results of an actuarial experience study for the period July 1, 2018 to June 30, 2021.

TOWNSHIP OF SADDLE BROOK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023
(continued)

NOTE 6. PENSION PLANS, (continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions, (continued)

Public Employees Retirement System (PERS), (continued)

Long-Term Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2023) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2023, are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Expected Real Rate of Return</u>
U.S. Equity	28%	8.98%
Non-U.S. Developed Market Equity	12.75%	9.22%
International Small CAP Equity	1.250%	9.22%
Emerging Market Equity	5.50%	11.13%
Private Equity	13.00%	12.50%
Real Estate	8.00%	8.58%
Real Assets	3.00%	8.40%
High Yield	4.50%	6.97%
Private Credit	8.00%	9.20%
Investment Grade Credit	7.00%	5.19%
Cash Equivalents	2.00%	3.31%
U.S. Treasuries	4.00%	3.31%
Risk Mitigation Strategies	3.00%	6.21%

TOWNSHIP OF SADDLE BROOK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023
(continued)

NOTE 6. PENSION PLANS, (continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions, (continued)

Public Employees Retirement System (PERS), (continued)

Discount Rate

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2023. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the nonemployer contributing entity will be based on 100% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments to determine the total pension liability.

Sensitivity of the Collective Net Pension Liability to Changes in the Discount Rate

The following presents the collective net pension liability of the participating employers as of June 30, 2023, calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1 - percentage point lower or 1- percentage-point higher than the current rate:

	June 30, 2023		
	1% Decrease 6.00%	At Current Discount Rate 7.00%	1% Increase 8.00%
Township's proportionate share of the pension liability	\$7,781,443	\$5,965,847	\$4,420,535

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued Financial Report for the State of New Jersey Public Employees Retirement System (PERS). The financial report may be accessed at www.state.nj.us/treasury/pensions.

TOWNSHIP OF SADDLE BROOK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023
(continued)

NOTE 6. PENSION PLANS, (continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions, (continued)

Police and Firemen's Retirement System (PFRS)

The following PFRS pension information is as of June 30, 2023, which is the latest information available. This information is eighteen months prior to December 31, 2024. GASB Statement No. 68 requires that the information be no more than twelve months prior to the employer's fiscal year end. No modification of the Independent Auditor's Report is being made since the Division of Local Government Services, Department of Community Affairs, State of New Jersey, is permitting the regulatory basis financial statements of Municipal, County and Library's to be issued with unmodified opinions until such time current pension information is available.

At June 30, 2023, the Township had a liability of \$11,981,84 for its proportionate share of the PFRS net pension liability. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2022, which was rolled forward to June 30, 2023. The Township's proportion of the net pension liability was based on a projection of the Township's long-term share of contributions to the pension plan relative to the projected contributions of all participating governmental entities, actuarially determined. At June 30, 2023, the Township's proportion was .1084453700 percent, which was an increase of .001230620 percent from its proportion measured as of June 30, 2022.

For the year ended December 31, 2024, the Township recognized pension expense of \$1,443,626.

At June 30, 2023, deferred outflows of resources and deferred inflows of resources related to PFRS from the following sources:

	<u>Deferred</u> <u>Outflows of</u> <u>Resources</u>	<u>Deferred</u> <u>Inflows of</u> <u>Resources</u>
Difference in actual and expected experience	\$ 513,041	\$ 571,430
Changes of assumptions	25,861	809,065
Net difference between projected and actual earnings on pension plan investments	610,215	
Changes in proportion and differences between Town contributions and proportionate share of contributions	<u>563,356</u>	<u>1,388,736</u>
	<u>\$ 1,712,473</u>	<u>\$ 2,769,231</u>

**TOWNSHIP OF SADDLE BROOK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023
(continued)**

NOTE 6. PENSION PLANS, (continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions, (continued)

Police and Firemen's Retirement System (PFRS), (continued)

Amounts reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date (June 30, 2023) will be recognized as a reduction of the net pension liability in the subsequent year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions (excluding changes in proportion) will be recognized in pension expense as follows:

2024	\$	(466,293)
2025		(447,491)
2026		719,968
2027		(61,923)
2028		22,102
Thereafter		2,259

Changes in Proportion

The previous amounts do not include employer specific deferred outflows of resources and deferred inflows of resources related to changes in proportion. These amounts should be recognized (amortized) by each employer over the average of the expected remaining service lives of all plan members, which is 6.16, 6.22, 6.17, 5.90, 5.92 and 5.73 years for 2023, 2022, 2021, 2020, 2019 and 2018 amounts, respectively.

Additional Information

Local Group Collective balances net of nonemployer (State of New Jersey) balances at June 30, 2023 and June 30, 2022 are as follows:

	<u>June 30, 2023</u>	<u>June 30, 2022</u>
Collective deferred outflows of resources	\$ 1,753,080,638	\$ 2,163,793,985
Collective deferred inflows of resources	1,966,439,601	2,805,919,493
Collective net pension liability	13,084,649,602	13,483,472,009
Township's Proportion	0.00108844537%	0.10721475000%

TOWNSHIP OF SADDLE BROOK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023
(continued)

NOTE 6. PENSION PLANS, (continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions, (continued)

Police and Firemen's Retirement System (PFRS), (continued)

Actuarial Assumptions

The collective total pension liability for the June 30, 2023, measurement date was determined by an actuarial valuation as of July 1, 2022, which rolled forward to June 30, 2023. This actuarial valuation used the following actuarial assumptions:

Inflation Rate:	
Price	2.75%
Wage	3.25%
Salary Increases:	
Through all Future Years	3.25-16.25% (based on years of service)
Thereafter	Not Applicable
Investment Rate of Return	7.00%

Mortality Rates

Employee mortality rates were based on the PubS-2010 amount-weighted mortality table with a 105.6% adjustment for males and 102.5% adjustment for females. For healthy annuitants, mortality rates were based on the PubS-2010 amount-weighted mortality table with a 96.7% adjustment for males and a 96.0% adjustment for females. Disability rates were based on the PubS-2010 amount-weighted mortality table with a 152.0% adjustment for males and 109.3% adjustment for females. Mortality improvement is based on Scale MP-2021.

The actuarial assumptions used in the July 1, 2022, valuation were based on the results of an actuarial experience study for the period July 1, 2018 to June 30, 2021.

TOWNSHIP OF SADDLE BROOK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023
(continued)

NOTE 6. PENSION PLANS, (continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions, (continued)

Police and Firemen's Retirement System (PFRS), (continued)

Long-Term Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2023) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in PFRS's target asset allocation as of June 30, 2023, are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. Equity	28.00%	8.98%
Non-U.S. Developed Market Equity	12.75%	9.22%
International Small CAP Equity	1.25%	9.22%
Emerging Market Equity	5.50%	11.13%
Private Equity	13.00%	12.50%
Real Estate	8.00%	8.58%
Real Assets	3.00%	8.40%
High Yield	4.50%	6.97%
Private Credit	8.00%	9.20%
Investment Grade Credit	7.00%	5.19%
Cash Equivalents	2.00%	3.31%
U.S. Treasuries	4.00%	3.31%
Risk Mitigation Strategies	3.00%	6.21%

TOWNSHIP OF SADDLE BROOK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023
(continued)

NOTE 6. PENSION PLANS, (continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions, (continued)

Police and Firemen's Retirement System (PFRS), (continued)

Discount Rate

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2023. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the nonemployer contributing entity will be based on 100% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments to determine the total pension liability.

Sensitivity of the Collective Net Pension Liability to Changes in the Discount Rate

The following presents the collective net pension liability of the participating employers as of June 30, 2023, calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1 - percentage point lower or 1 - percentage-point higher than the current rate:

	June 30, 2023		
	1% Decrease <u>6.00%</u>	At Current Discount Rate <u>7.00%</u>	1% Increase <u>8.00%</u>
Township's proportionate share of the pension liability	\$17,563,054	\$11,981,893	\$7,334,120

TOWNSHIP OF SADDLE BROOK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023
(continued)

NOTE 6. PENSION PLANS, (continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions, (continued)

Police and Firemen's Retirement System (PFRS), (continued)

Special Funding Situation - PFRS

Under N.J.S.A. 43:16A-15, local participating employers are responsible for their own contributions based on actuarially determined amounts, except where legislation was passed which legally obligated the State if certain circumstances occurred. The legislation, which legally obligates the State, is as follows: Chapter 8, P.L. 2000, Chapter 318, P.L. 2001, Chapter 86, P.L. 2001, Chapter 511, P.L. 1991, Chapter 109, P.L. 1979, Chapter 247, P.L. 1993 and Chapter 201, P.L. 2001. The amounts contributed on behalf of the local participating employers under this legislation is considered to be a special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Since the local participating employers do not contribute under this legislation directly to the plan (except for employer specified financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the local participating employers related to this legislation. However, the notes to the financial statements of the local participating employers must disclose the portion of the nonemployer contributing entities' total proportionate share of the collective net pension liability that is associated with the local participating employer.

At June 30, 2023 and 2022, the State proportionate share of the net pension liability attributable to the Township for the PFRS special funding situation is \$2,207,803 and \$2,184,089, respectively. For the years ended June 30, 2023, and 2022, the pension system has determined the State's proportionate share of the pension expense attributable to the Township for the PFRS special funding situation is \$251,133 and \$251,986, respectively, which is more than the actual contributions the State made on behalf of the Township of \$252,488 and \$271,908, respectively. The State's proportionate share attributable to the Township was developed based on actual contributions made to PFRS allocated to employers based upon covered payroll. These on-behalf contributions have not been reported on the Township's financial statements.

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued Financial Report for the State of New Jersey Police and Firemen's Retirement System (PFRS). The financial report may be accessed at www.state.nj.us/treasury/pensions.

TOWNSHIP OF SADDLE BROOK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023
(continued)

NOTE 7. INTERFUND BALANCES AND ACTIVITY

Balances due to/from other funds at December 31, 2024 consist of the following:

\$ 213,900	Due to the Federal and State Grant Fund from the Current Fund for grants received less expenditures made.
7,654	Due to the Current Fund from the Animal License Trust Fund for the prior and current years' statutory excess.
43	Due to the Current Fund from the Escrow Trust Fund for the Township's share of interest earned on developer deposits.
8,266	Due to the Current Fund from the Redemption Trust Fund for interest earned on investments.
66,031	Due to the Current Fund from the Net Payroll Fund to return funds transferred in excess of that required to cover payroll.
5,670	Due to the Current Fund from the Other Trust Fund for interest earnings.
161,547	Due to the Mt. Laurel Trust Fund from the Current Fund to correct deposit errors.
584,727	Due to the Current Fund from the General Capital Fund for interest earnings and interfunds advanced less the deferred charge raised in the 2024 budget.
26,313	Due to the Unemployment Trust Fund from the Current Fund for employee payroll deductions
1,574	Due to the Water Utility Operating Fund from the Current Fund to correct funds transferred in error.
29,395	Due to the Current Fund from the Payroll Agency Account for retiree employee benefit contributions.
75,000	Due to the Water Utility Capital Fund from the General Capital Fund to return interfunds advanced.
130,000	Due to the Water Utility Operating Fund from the Water Utility Capital Fund to return interfunds advanced.
367,401	Due to the Water Utility Operating Fund from the Escrow Trust Fund for the cumulative balance of final meter reading fees collected over the years.
100,000	Due to the Water Utility Operating Fund from the General Capital Fund to return interfunds advanced.
135,000	Due to the Current Fund from the Water Utility Capital fund to return interfunds advanced.
6,414	Due to the Unemployment Trust Fund from the Payroll Agency Account for employee payroll deductions.
-	
<u>\$ 1,918,935</u>	

It is anticipated that all interfunds will be liquidated during the year.

TOWNSHIP OF SADDLE BROOK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023
(continued)

NOTE 8. DEFERRED CHARGES

Certain expenditures are required to be deferred to budgets of succeeding years. At December 31, 2024 and 2023, the following deferred charges are shown on the balance sheet of the various funds:

	Balance <u>Dec. 31, 2024</u>	Subsequent Year Budget <u>Appropriation</u>	Balance to Succeeding <u>Years' Budget</u>
Current Fund:			
Special Emergency - NJSA 40A:4-53			
COVID Related Revenue Losses	\$ 80,602	40,301	40,301
Preparation of Tax Map	135,000	27,000	108,000
General Capital Fund:			
Over-expenditure of			
Improvement Authorization	37,949	37,949	-
Water Utility Operating Fund:			
Over-expenditure of			
Appropriation Reserves	<u>157,794</u>	<u>157,794</u>	<u>-</u>
	<u>\$ 411,345</u>	<u>\$ 263,044</u>	<u>\$ 148,301</u>
	Balance <u>Dec. 31, 2023</u>	Subsequent Year Budget <u>Appropriation</u>	Balance to Succeeding <u>Years' Budget</u>
Current Fund:			
Special Emergency - NJSA 40A:4-53			
COVID Related Revenue Losses	\$ 120,903	40,301	80,602
Federal and State Grant Fund:			
Over-expenditure of Appropriated			
Grant Reserves	2,765	2,765	-
General Capital Fund:			
Over-expenditure of			
Improvement Authorization	<u>16,939</u>	<u>16,939</u>	<u>-</u>
	<u>\$ 140,607</u>	<u>\$ 60,005</u>	<u>\$ 80,602</u>

**TOWNSHIP OF SADDLE BROOK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023
(continued)**

NOTE 9. FUND BALANCE APPROPRIATED

The fund balance at December 31, 2024 which has been appropriated as revenue in the 2025 budget is as follows:

Current Fund	\$2,580,000*
Water Utility Operating Fund	273,594*

*Based on 2025 introduced budget amounts

NOTE 10. ACCRUED SICK AND VACATION BENEFITS

The Township has permitted employees to accrue unused vacation and sick pay, which may be taken as time off or paid at a later date at an agreed-upon rate. It is estimated that the current cost of such unpaid compensation would approximate \$4,713,487 as of December 31, 2024, and \$4,096,901 as of December 31, 2023. The amount is not reported either as an expenditure or liability.

NOTE 11. EMERGENCY SERVICES VOLUNTEER LENGTH OF SERVICE AWARD PLAN (LOSAP)

In 1999, the Division of Local Government Services approved the Township's LOSAP plan, provided by the Lincoln Financial Group. The purpose of this plan is to enhance the Township's ability to retain and recruit volunteer firefighters and volunteer members emergency service squads.

Lincoln Financial Group will provide for the benefit of participants, a multi-fund variable annuity contract as its funding vehicle. The plan shall provide for an annual contribution of \$1,150 per year of active emergency service, subject to periodic increases as permitted by N.J.A.C. 5:30-14.9. The Township's contribution shall be included in the current year's budget.

All amounts awarded under a length of service award plan shall remain the asset of the sponsoring agency; the obligation of the sponsoring agency to participating volunteers shall be contractual only; and no preferred or special interest in the awards made shall accrue to such participants. Such money shall be subject to the claims of the sponsoring agency's general creditors until distributed to any or all participants.

We have reviewed the plan for the year ended December 31, 2024, in accordance with the American Institute of Certified Public Accountants (AICPA) Statement on Standards for Accounting and Review Services.

NOTE 12. RISK MANAGEMENT

The Township is exposed to various risks of loss related to general liability, automobile coverage, damage and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Township has obtained insurance coverage to guard against these events

TOWNSHIP OF SADDLE BROOK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023
(continued)

NOTE 12. RISK MANAGEMENT, (continued)

which will provide minimum exposure to the Township should they occur. During the 2024 calendar year, the Township did not incur claims in excess of their coverage and the amount of coverage did not significantly decrease.

The Township of Saddle Brook is a member of the South Bergen Municipal Joint Insurance Fund (the "Fund"). The Fund provides its members with Liability, Property, Worker's Compensation, Public Official and Employer Liability and Environmental Insurance coverage. The Fund is both an insured and self-administered group of municipalities established for the purpose of insuring against property damage, general liability, motor vehicle and equipment liability and worker's compensation. The coverage amounts are on file with the Township. The relationship between the Township and respective insurance funds is governed by a contract and by-laws that have been adopted by resolution of each unit's governing body. The Township is contractually obligated to make all annual and supplementary contributions to insurance funds, to report claims on a timely basis, cooperate with the management of the Fund, its claims administrator and attorneys in claims investigation and settlement, and to follow risk management procedures as outlined by the insurance funds. Members have a contractual obligation to fund any deficit of the insurance funds attributable to a membership year during which they are a member.

The funds provide its members with risk management services, including the defense of and settlement of claims, and established reasonable and necessary loss reduction and prevention procedures to be followed by the members.

There has been no significant reduction in insurance coverage from the previous year nor have there been any settlements in excess of insurance coverage's in any of the prior three years.

The Township has elected to fund its New Jersey Unemployment Compensation Insurance under the "Benefit Reimbursement Method". Under this plan, the Township is required to reimburse the New Jersey Unemployment Trust Fund for benefits paid to its former employees and charged to its account with the State. The Township is billed quarterly for amounts due to the State. The following is a summary of Township contributions, reimbursements to the State for benefits paid and the ending balance of the Township's unemployment compensation trust fund for the current and previous two years:

<u>Year Ended</u> <u>December 31,</u>	<u>Interest</u> <u>Earnings</u>	<u>Employee</u> <u>Contributions</u>	<u>Amount</u> <u>Reimbursed</u>	<u>Ending</u> <u>Balance</u>
2024	\$ 491	\$ 17,083	\$ -	\$ 50,797
2023	1,403	12,688	144,855	33,223
2022	463	12,711	-	163,988

**TOWNSHIP OF SADDLE BROOK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023
(continued)**

NOTE 13. TAXES COLLECTED IN ADVANCE

Taxes collected in advance are recorded as cash liabilities in the financial statements. Following is a comparison of the liability for the previous two years:

	<u>Balance Dec 31, 2024</u>	<u>Balance Dec 31, 2023</u>
Prepaid Taxes	<u>\$975,520</u>	<u>\$481,364</u>
Cash Liability for Taxes Collected in Advance	<u>\$975,520</u>	<u>\$481,364</u>

NOTE 14. LITIGATION

The Township is a defendant in various legal proceedings. These cases, if decided against the Township, would be raised by future taxation. The Township's legal counsel estimate such amounts to be immaterial.

Various tax appeal cases were pending in the New Jersey Tax Court at December 31, 2024. The Township is vigorously defending its assessments in each case. Under the accounting principles prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the Township does not recognize a liability, if any, until these cases have been adjudicated.

NOTE 15. OTHER POST EMPLOYMENT BENEFITS (OPEB)

In addition to the pension benefits described in Note 6, the Township provides post-employment health care benefits in accordance with the provisions of Ch. 88, P.L. 1974 as amended by Chapter 436, P.L. 1981, at its cost.

General Information about the OPEB Plan

Employees who retire from the Township may be eligible for postemployment medical, prescription drug, dental and life insurance benefits. Medical and prescription drug coverage is offered to retirees on a fully insured basis through Horizon Blue Cross Blue Shield of New Jersey. Two medical plans and one prescription drug plan is available to retirees. Dental benefits are self-funded.

**TOWNSHIP OF SADDLE BROOK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023
(continued)**

NOTE 15. OTHER POST EMPLOYMENT BENEFITS (OPEB), (continued)

General Information about the OPEB Plan, (continued)

Life insurance is provided to retirees on a fully insured basis with differing life benefits for police retirees and all other retirees. The predominant life benefit for police retirees is \$25,000 and all other retirees is \$12,500.

The following actuarial information is taken from an actuarial valuation as of January 1, 2023. In accordance with GASB No. 75 and Division of Local Government Services Local Finance Notice 2007-15, this information will be updated for calendar year ending December 31, 2025.

Employees Covered by Benefit Terms: At January 1, 2023, the following employees were covered by the benefit terms:

Active	171
Retirees	<u>68</u>
Total	<u>239</u>

Total OPEB Liability

At December 31, 2023, the Township had a liability of \$68,632,817 for its OPEB Liability. The OPEB liability was measured as of January 1, 2023 and was determined by an actuarial valuation as of that date.

Actuarial Assumptions and Other Inputs

The Total OPEB liability in the December 31, 2023 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified.

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TOWNSHIP OF SADDLE BROOK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023
(continued)

NOTE 15. OTHER POST EMPLOYMENT BENEFITS (OPEB), (continued)

1. Valuation Date	January 1, 2023																
2. Initial Implementation Year for GASB 75	January 1, 2019 to December 31, 2019																
3. Assets	Not applicable. Assets are zero.																
4. Expected Return on Assets	Not applicable. Assets are zero.																
5. Discount Rate	<p>3.88% - End of Year Measurement Date</p> <p>The selected discount rate is based on the prescribed discount interest rate methodology under GASB No. 74/75 using an average of two 20-year municipal bond indices (e.g., S&P Municipal Bond 20 Year High Grade Rate Index - 4.00%, and Fidelity GO AA 20 Years - 3.77%) as of December 31, 2023.</p> <p>Prior discount rate used in January 1, 2019, to December 31, 2019 GASB 74/75 report was 2.92%.</p>																
6. Information for Valuation	All information was provided by the Township.																
7. Retirement Benefits	Coverage for pre-65 and post-65 retirement benefits. This valuation is provided to a single employer plan.																
8. Covered Benefits	<p>Medical and prescription drug coverage is offered to retirees on a fully insured basis through Horizon Blue Cross Blue Shield of New Jersey. Two medical plans and one prescription drug plan is available to retirees, including the Direct Access 15 and Omnia 11 plans with the majority of enrollment in the DA 15 plan. Dental coverage is self-funded.</p> <p>Life insurance is provided to retirees on a fully insured basis with differing life benefits for police retirees and all other retirees. The predominant life benefit for police retirees is \$25,000 and all other retirees is \$12,500.</p>																
9. Insurance Coverage and Funding Basis	Medical, prescription drugs, and life insurance benefits are all fully insured. Dental benefits are self-funded.																
10. Actuarial Cost Method	Entry Age Normal as a Level of Percentage of Payroll																
11. Health Care Cost Trend Assumption	<p>The following assumptions are used for annual healthcare cost inflation (trend):</p> <table border="0" style="margin-left: 40px;"> <thead> <tr> <th></th> <th style="text-align: center;"><u>Year</u></th> <th style="text-align: center;"><u>Pre-65</u></th> <th style="text-align: center;"><u>Post-65</u></th> </tr> </thead> <tbody> <tr> <td>Year 1 Trend</td> <td style="text-align: center;">Jan. 1, 2025</td> <td style="text-align: center;">7.00%</td> <td style="text-align: center;">7.00%</td> </tr> <tr> <td>Ultimate Trend</td> <td style="text-align: center;">Jan. 1, 2035 & Later</td> <td style="text-align: center;">4.50%</td> <td style="text-align: center;">4.50%</td> </tr> <tr> <td>Grading Per Year</td> <td></td> <td style="text-align: center;">0.25%</td> <td style="text-align: center;">0.25%</td> </tr> </tbody> </table>		<u>Year</u>	<u>Pre-65</u>	<u>Post-65</u>	Year 1 Trend	Jan. 1, 2025	7.00%	7.00%	Ultimate Trend	Jan. 1, 2035 & Later	4.50%	4.50%	Grading Per Year		0.25%	0.25%
	<u>Year</u>	<u>Pre-65</u>	<u>Post-65</u>														
Year 1 Trend	Jan. 1, 2025	7.00%	7.00%														
Ultimate Trend	Jan. 1, 2035 & Later	4.50%	4.50%														
Grading Per Year		0.25%	0.25%														

TOWNSHIP OF SADDLE BROOK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023
(continued)

NOTE 15. OTHER POST EMPLOYMENT BENEFITS (OPEB), (continued)

The Comparative Effectiveness Research fee runs through 2029 and is tax deductible. The initial fee was \$1 per participant per year increasing to \$2 in the next year. Subsequent years are increased based on medical inflation. The fee applies to post-65 retirees where Medicare is the primary payer. Initially, this fee was to expire in 2019, however, legislation signed into law by President Trump on December 20, 2019, HR 1865 "Further Consolidated Appropriations Act 2020" extended the fee 10 years.

The Health Insurance Industry fee is based on targeted fixed fees to be paid by the health insurance industry and is not tax deductible. The total fee amount to be paid by health insurers starts at \$8 billion in 2014 and increases to \$14.3 billion in 2018. After 2018, the fee increases annually based on premium growth. The fee was suspended for the 2017 plan year and resumed in 2018 with the estimated fee to be approximately 3.0% to 4.0% of premium. The fee applies to fully insured plans including Medicare Advantage plans and excludes self-funded employer sponsored group health plans. Effective with legislation passed on January 22, 2018, this fee was suspended again for the 2019 plan year and will resume in 2020, however has been repealed beginning 2021 and beyond based on 12/20/19 HR 1865 "Further Consolidated Appropriations Act, 2020".

The High-Cost Plans Excise tax included a 40% tax (Cadillac Tax") on high-cost plans to be levied on insurers and third party administrators (TPA) beginning in 2022 and was to be tax deductible. The calculation was to be done separately for single and family coverage and was equal to 40% of the excess of per employee plan costs, net of patient cost sharing, over the 2022 stated costs limits of:

- o - \$10,200 single/\$27,500 family

- o - \$11,850 single/\$30,950 family for retirees age 55-64

This valuation excludes the Cadillac tax in its entirety based on recent legislation signed into law by President Trump on 12/20/19, HR 1865 "Further Consolidated Appropriations Act, 2020" repealing the "Cadillac Tax".

TOWNSHIP OF SADDLE BROOK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023
(continued)

NOTE 15. OTHER POST EMPLOYMENT BENEFITS (OPEB), (continued)

- | | |
|----------------------------------|---|
| 18. COVID-19 Pandemic | No special adjustments or considerations were made to valuation results due to the COVID-19 pandemic. Since the Township is not funding this benefit in a separate OPEB trust, no special considerations were made for the impact on assets. Similarly, no special adjustments were made to the OPEB liability calculations. The impact of COVID-19 will be reviewed in future years including the potential impact on selected assumptions (e.g., mortality, morbidity, etc.). |
| 19. Plan Design Changes | Valuation assumes no changes in future plan designs (e.g., deductibles coinsurance, etc.) from current benefits offered for the current plan year. It is assumed that the current level of benefits will remain, with no modifications to avoid the potential excise tax imposed by the Patient Protection and Affordable Care Act (PPACA) described in detail above. |
| 20. % Future Retirees Opting Out | It is assumed that 100% of future retirees (active employees) eligible for coverage will elect benefits in retirement. All eligible active and retiree employee records provided by the Township were valued. |
| 21. Census Information | Participant information was provided by the Township in August 2020. We relied on information as being accurate and have not conducted any data audits. |
| 22. New Hires | This valuation is based on a closed group and does not reflect the impact of future new entrants (e.g., new hires after date of data collection, i.e., April 2024) into the plan. |
| 23. Payroll Information | Payroll information was provided by the Township and reflected in the valuation for use in determining retiree contributions as well as the actuarial cost method. Contribution rates for future retirees with less than 20 years of service prior to implementation of Chapter 78 on June 28, 2011, will have their contribution for healthcare benefits based on base salary at retirement with a minimum of 1.5% of base salary. Average salary increase used for the Entry Age Normal (EAN) actuarial cost method is assumed to be 3.0%. Payroll compensation is illustrated on page 1 of the report and reflects annual salary information as reported for each active employee. |

TOWNSHIP OF SADDLE BROOK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023
(continued)

NOTE 15. OTHER POST EMPLOYMENT BENEFITS (OPEB), (continued)

- | | |
|--|---|
| 24. Retirement System | Valuation is based on the New Jersey Public Employees' Retirement System (PERS), and the New Jersey Police and Firemen's Retirement System (PFRS). Decrement tables used in this valuation are from July 1, 2020, Annual Report of the Actuary for both PERS and PFRS. |
| 25. Retirement Eligibility Assumptions | Eligibility for retirement is based on a minimum of age and/or years of service (YOS). Subsidized benefits are available for employees in PERS and PFRS that attain a minimum of twenty-five (25) years of service. |
| 26. Retiree Contribution Rates | <p>Contribution rates for future retirees will be based on the State of New Jersey's new contribution formula per implementation of Chapter 78. Contributions are calculated using a varying formula based on the retirees' base salary at retirement with a minimum contribution of 1.5% of base salary. Active employees hired prior to implementation of Chapter 78 (June 28, 2011) with less than twenty years of service at implementation had their contribution phased in over a four-year period. Employees hired on or after June 28, 2011, will have their contribution set at the highest year four contribution level. As the four-year phase in period has expired, all active employees' contribution level is set at the highest level.</p> <p>Contributions for current retirees and future retirees with twenty (20) or more years of service at June 28, 2011 are 0% (non-contributory) (i.e., the Township pays 100% of the benefit cost).</p> |
| 27. Mortality | Society of Actuaries Pub-2010 Public Retirement Plans Healthy Male and Female Total Dataset Headcount-Weighted Mortality tables based on Employee and Healthy Annuitant Tables for both pre and post-retirement projected with mortality improvements using the most current Society of Actuaries Mortality Improvement Scale MP-2021. |
| 28. Turnover Assumptions | This reflects rate of separation from the active plan and excludes retirement and disability. Turnover table varies by age and years of service with rates of turnover based on the NJ PERS and NJ PFRS. |
| 29. Disability Assumptions | This reflects disability assumptions from the active plan for ordinary and accidental disability and is based on age. This is the assumption used for the NJ PERS and NJ PFRS. |
| 30. Retirement Assumptions | This reflects the rate of retirement from the active plan and is based on age and years of service. That is the assumption used for the NJ PERS and NJ PFRS. |

TOWNSHIP OF SADDLE BROOK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023
(continued)

NOTE 15. OTHER POST EMPLOYMENT BENEFITS (OPEB), (continued)

31. Surviving Spouses & Surviving Dependents	Surviving spouses may elect to continue medical coverage and receive the same subsidy as retirees, including their Medicare Part B premiums and IRMAA surcharge. Valuation includes eleven (11) surviving spouses.
32. Valuation of Spouses & Marital Status	Spouses are valued for benefits similar to retired employees. Employees with spouses are assumed to be married to those spouses at and throughout retirement. Employees that are without spouses (or not covering a spouse) are assumed to be single at and throughout retirement. Based on the contribution rates for future retirees, it is assumed that active employees with dependent coverage will elect dependent coverage in retirement 100% of the time.
33. Spouse Age Assumptions	It is assumed that female spouses are three years younger than male employees and male spouses are three years older than female employees unless actual spouse date of birth information was provided.
34. Waivers & Buyouts	Valuation includes 101 active employees that currently waive coverage. For valuation purposes, it is assumed that 50% of these individuals' elect coverage in retirement 30% electing single coverage consistent with the current retiree election distribution.
35. Vested & Leave of Absence	No individuals were as vested or on leave of absence.
36. COBRA & Terminated Participants	No individuals were listed on Cobra or terminated from the plan.
37. Eligible Population	Population reflects all benefit eligible employees provided. Any new hires after date of data collection are not reflected herein.
38. Medicare Tax Subsidy	The Medicare tax subsidy is not reflected in valuation. There is no offset in premium rates charged to employer and post-65 costs are illustrated gross of subsidy.
39. Special Adjustments	No other special adjustments were provided since client data was complete for purposes of completing the valuation. All active and retired employees provided were valued.

TOWNSHIP OF SADDLE BROOK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023
(continued)

NOTE 15. OTHER POST EMPLOYMENT BENEFITS (OPEB), (continued)

40. Missing Census Information

Dates of Birth	One (1) active employee was missing date of birth and assumed to have hire age of 50 consistent with the group.
Dates of Hire	No active employees were missing date of hire, so no special adjustments were needed.
Gender	No individuals were missing gender, so no special adjustments were needed.
Coverage Tier	No individuals electing coverage were missing coverage tier, so no special adjustments were needed. For individuals waiving coverage, it is assumed they elect single coverage 30% of the time consistent with current retiree election distinction.
Status	No individuals required changes to their active/retiree status.
Salary	No active employees were missing salary, so no special adjustments were needed. Salary information was provided by individual and reflected in the valuation for use with the actuarial cost method and active employee contributions.

41. Rounding of Results

Results are illustrated to the nearest dollar. In using unrounded results (exact dollars), no implication is made as to the degree of precision in those results. Clients and their auditors should apply their own judgement as to the desirability of rounding when transferring results from this valuation report to the client's financial statements.

42. Employee Contracts & Collective Bargaining Agreements

Employee contracts and collective bargaining agreements specific to retiree benefits were reviewed to the extent available. Results are based on information as provided by the organization.
 A summary of benefits and eligibility are provided in this report for illustrative purposes in order to understand the types of benefits reflected in the valuation. We recommend reviewing you organization's plan document for details on eligibility and covered benefits. Information in this report should not be used instead of the plan document and/or summary plan description.

43. Initial Year of Recognition of GASB No. 43/45 & 74/75

We have not reviewed the audited financials of client so are not providing and opinion on your organization and auditor for this determination.

44. Other Comments

Actuarial methods, considerations, and analyses used in forming this certification conform to the appropriate Standards of Practice and guidelines of the Actuarial Standards Board (ASB).

TOWNSHIP OF SADDLE BROOK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023
(continued)

NOTE 15. OTHER POST EMPLOYMENT BENEFITS (OPEB), (continued)

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended December 31, 2023, the Township recognized OPEB expense of \$3,884,719 based on actuarial estimates at December 31, 2023.

Changes in Net OPEB Liability FYE 2023

Discount Rate (Proj.) **3.88% FYE 12/31/2023**
Investment Return Rate (Proj.) **N/A; Index will apply**

Changes in Total OPEB Liability During the Year

Total OPEB Liability at beginning of year	\$ 68,373,511
Service Cost	1,499,007
Interest Cost	2,616,391
Change in Assumptions	(1,974,609)
Benefit Payments	<u>(1,881,483)</u>
Total OPEB Liability at end of year	<u>\$ 68,632,817</u>

Total GASB No. 75 Expense for FYE 2023

- | | |
|---|------------|
| 1 Service Cost with Interest - Period January 1, 2023 to December 31, 2023 | 1,499,007 |
| 2 Interest Cost - Period January 1, 2023 to December 31, 2023 | |
| (a) Discount Rate | 3.88% |
| (b) Total OPEB Liability as of January 1, 2023 | 68,373,511 |
| (c) Actual Benefit Payments - Illustrated as Project for Period January 1, 2023 to December 31, 2023 | 1,881,483 |
| (d) Interest Cost: $(2a) \times [(2b) - (2c) / 2]$ | 2,616,391 |
| 3 Investment Return - Period January 1, 2023 to December 31, 2023 | |
| 4 Employee Contributions - Period January 1, 2023 to December 31, 2023 (Amount is illustrated as zero since employer contributions are illustrated net of employee contributions. | |
| 5 Administrative expenses | |

TOWNSHIP OF SADDLE BROOK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023
(continued)

NOTE 15. OTHER POST EMPLOYMENT BENEFITS (OPEB), (continued)

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

6 Plan Changes	
7 Amortization of Unrecognized Amount	
(a) Liability (Gain)/Loss: Page 5, Section H, Line 6	(230,679)
(b) Asset (Gain)/Loss:	
(c) Net (Gain)/Loss: (7a)+(7b)	
8 Total Expense - Period January 1, 2023 to December 31, 2023	
(1)+(2)+(3)+(4)+(5)+(6)+(7c)	

Sensitivity of Total OPEB Liability to Changes in the Discount Rate

The following presents the Township's total OPEB liability as well as what the Township's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	<u>1% Decrease</u>	<u>At Current Discount Rate</u>	<u>1% Increase</u>
	<u>2.88%</u>	<u>3.88%</u>	<u>4.88%</u>
Township's Total OPEB Liability	\$81,219,057	\$68,632,817	\$58,735,524

Sensitivity of Total OPEB Liability to Changes in Healthcare Trend Rate

The following presents the Township's total OPEB liability as well as what the Township's total OPEB liability would be if it were calculated using a healthcare trend rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	<u>1% Decrease</u>	<u>At Current Discount Rate</u>	<u>1% Increase</u>
Township's Total OPEB Liability	\$58,109,404	\$68,632,817	\$82,171,100

TOWNSHIP OF SADDLE BROOK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023
(continued)

NOTE 16. FIXED ASSETS

The following is a summary of General Fixed Assets Account Group as of December 31, 2024 and 2023:

	Balance <u>Dec. 31, 2023</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>Dec. 31, 2024</u>
Land & Land Improvements	\$ 15,921,387	\$ 20,340	\$ 1,477,650	\$ 14,464,077
Building & Building Improvements	34,393,230	45,080	7,800	34,430,510
Equipment & Vehicles	<u>12,879,075</u>	<u>699,776</u>	<u>766,430</u>	<u>12,812,421</u>
	<u>\$ 63,193,692</u>	<u>\$ 765,196</u>	<u>\$ 2,251,880</u>	<u>\$ 61,707,008</u>

	Balance <u>Dec. 31, 2022</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>Dec. 31, 2023</u>
Land & Land Improvements	\$ 15,921,387			\$ 15,921,387
Building & Building Improvements	17,869,600	16,523,630		34,393,230
Equipment & Vehicles	<u>12,057,964</u>	<u>821,111</u>	-	<u>12,879,075</u>
	<u>\$ 45,848,951</u>	<u>\$ 17,344,741</u>	<u>\$ -</u>	<u>\$ 63,193,692</u>

NOTE 17. COMMITMENTS AND CONTINGENT LIABILITIES

The Township is currently involved in a dispute with the Internal Revenue Service regarding the incorrect filing of a Form 945 for tax period ending December 31, 2017. Reported taxes owed along with accumulated penalties and interest are of a material nature, however, Township officials have been in contact with representatives at the IRS to correct this erroneous filing. The Township received two additional IRS penalty notifications in 2024 related to incomplete or inaccurate filing information on its 1099 filings for both 2017 and 2018 tax years. The Township has hired a tax advocate group to assist in resolving all outstanding issues with the IRS. It is anticipated that once corrective measures are taken there will be no taxes owed and a resolution regarding any penalties and interest charges will be agreed upon.

NOTE 18. OTHER MATTERS

On March 11, 2021, President Biden signed the American Rescue Plan Act of 2021 into effect. This plan, among other things, provides direct federal funding to aid county and municipal governments to help offset revenue losses and cover increased costs incurred during the coronavirus pandemic response and to make necessary investments in water, sewer or broadband infrastructure. The amount of federal aid available to the Township of Saddle Brook is \$1,419,515 which was available for use until December 31, 2024. As of December 31, 2024, the Township has committed all available funds.

TOWNSHIP OF SADDLE BROOK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023
(continued)

NOTE 19. SUBSEQUENT EVENTS

The Township has evaluated subsequent events through June 6, 2025, the date which the financial statements were available to be issued and no other items were noted for disclosure.

TOWNSHIP OF SADDLE BROOK
COMPARATIVE ASSETS, LIABILITIES, RESERVES AND FUND BALANCE
CURRENT FUND

<u>Assets</u>	<u>(Unaudited)</u> <u>December 31,</u> <u>2025</u>	<u>December 31,</u> <u>2024</u>	<u>December 31,</u> <u>2023</u>	<u>December 31,</u> <u>2022</u>	<u>December 31,</u> <u>2021</u>
Current Fund					
Cash	6,671,622	5,077,254	7,547,552	11,556,569	8,635,598
Cash - Change Fund	475	475	475	475	475
Due from State of N.J. (Ch. 73, P.L. 1971)					
Senior Citizens' and Veterans' Deductions	37,154	38,276	37,200	38,974	38,269
	<u>6,709,251</u>	<u>5,116,005</u>	<u>7,585,227</u>	<u>11,596,018</u>	<u>8,674,342</u>
Receivables and Other Assets with Full Reserves:					
Delinquent Property Taxes Receivable	318,447	316,100	235,262	419,816	338,676
Property Acquired for Taxes - Assessed Valuation	742,249	742,249	742,249	742,249	742,249
Tax Title Liens Receivable	97,557	87,883	112,333	109,822	107,223
Revenue Accounts Receivable		17,071	12,257	10,608	9,184
Interfunds Receivable	270,383	836,786	210,260	47,294	596,740
	<u>1,428,636</u>	<u>2,000,089</u>	<u>1,312,361</u>	<u>1,329,789</u>	<u>1,794,072</u>
Deferred Charges:					
Expenditure Without Appropriation				29,528	
Emergency Authorization	80,000				
Overexpenditure of Appropriations	103,319				
Deficit in Reserve for Healthcare	24				
Special Emergency Authorizations	178,301	215,602	120,903	161,204	201,505
	<u>361,644</u>	<u>215,602</u>	<u>120,903</u>	<u>190,732</u>	<u>201,505</u>
	<u>8,499,531</u>	<u>7,331,696</u>	<u>9,018,491</u>	<u>13,116,539</u>	<u>10,669,919</u>
Federal and State Grant Fund:					
Cash					288,058
Grant Receivable	10,980	43,980	980		
Overexpenditure of Appropriated Grants			2,765	4,749	4,749
Interfunds Receivable	273,252	213,900	124,921	372,246	15,791
	<u>284,232</u>	<u>257,880</u>	<u>128,666</u>	<u>376,995</u>	<u>308,598</u>
Total Assets	<u><u>8,783,763</u></u>	<u><u>7,589,576</u></u>	<u><u>9,147,157</u></u>	<u><u>13,493,534</u></u>	<u><u>10,978,517</u></u>

TOWNSHIP OF SADDLE BROOK
COMPARATIVE ASSETS, LIABILITIES, RESERVES AND FUND BALANCE
CURRENT FUND

<u>Liabilities, Reserves and Fund Balance</u>	(Unaudited) December 31, 2025	December 31, 2024	December 31, 2023	December 31, 2022	December 31, 2021
Appropriation Reserves	1,454,268	718,027	816,036	1,570,411	1,852,548
Encumbrances Payable	244,135	269,797	145,934	212,348	380,471
County Taxes Payable	101,100	6,642	4,243	3,208	
Prepaid Taxes	437,290	975,520	481,364	310,058	475,003
Tax Overpayments	520,477	25,479	3,435	12,824	4,166
State Marriage License Fees Payable	125	325	425		425
DCA Fees Payable	36,505	4,260	7,812	5,125	6,116
Burial Fees		220	290	400	495
Interfunds Payable	1,028,847	403,335	267,142	1,099,766	21,133
Due to Library	37,424	37,425	37,425	37,425	37,425
Various Reserves	27,187	27,232	469,705	627,215	335,928
Accounts Payable	19,231		52,324	56,145	57,023
School Taxes Payable	1		1	1,238,635	
	<u>3,906,590</u>	<u>2,468,262</u>	<u>2,286,136</u>	<u>5,173,560</u>	<u>3,170,733</u>
Reserve for Receivables and Other Assets	1,428,636	2,000,089	1,312,361	1,329,789	1,794,072
Fund Balance	<u>3,164,305</u>	<u>2,863,345</u>	<u>5,419,996</u>	<u>6,613,190</u>	<u>5,705,114</u>
	<u>8,499,531</u>	<u>7,331,696</u>	<u>9,018,493</u>	<u>13,116,539</u>	<u>10,669,919</u>
Federal and State Grant Fund:					
Appropriated Reserves	234,871	52,492	61,885	301,149	282,555
Unappropriated Reserves	49,361	162,388	66,779	75,846	26,043
Encumbrances		43,000			
	<u>284,232</u>	<u>257,880</u>	<u>128,664</u>	<u>376,995</u>	<u>308,598</u>
Total Liabilities, Reserves and Fund Balance	<u><u>8,783,763</u></u>	<u><u>7,589,576</u></u>	<u><u>9,147,157</u></u>	<u><u>13,493,534</u></u>	<u><u>10,978,517</u></u>

TOWNSHIP OF SADDLE BROOK
COMPARATIVE OPERATIONS AND CHANGES IN FUND BALANCE
CURRENT FUND

	(Unaudited) December 31, 2025	December 31, 2024	December 31, 2023	December 31, 2022	December 31, 2021
Revenue and Other Income Realized:					
Fund Balance Utilized	2,591,539	3,284,375	3,200,000	2,300,000	2,000,000
Miscellaneous Revenue	4,247,408	3,693,669	3,486,828	4,430,519	3,709,536
Receipts from Delinquent Taxes	317,806	259,797	437,018	381,922	356,597
Receipts from Current Taxes	72,212,489	67,823,494	65,802,982	63,337,029	61,976,015
Non-Budget Revenue	332,695	390,290	411,056	543,267	142,554
Other Credits to Income:					
Unexpended Balance of Appropriation Reserves	617,323	433,869	692,677	1,416,595	1,549,769
Liabilities Canceled		45,352		341	
COVID-19 Special Emergency					
Interfund Returned	836,786		47,294	176,740	23,876
	<u>81,156,046</u>	<u>75,930,846</u>	<u>74,077,855</u>	<u>72,586,413</u>	<u>69,758,347</u>
Expenditures :					
Budget Appropriations:	30,998,202	29,584,153	28,114,875	26,637,779	25,741,754
County Taxes	7,749,142	7,093,494	7,005,590	6,753,187	6,435,459
Local District School Tax	39,366,203	38,062,576	36,805,103	35,987,037	35,373,440
Overexpenditures	103,319			29,528	
Interfund advances	260,000	592,851	135,000		453,411
Refunds		5,048	10,481	334	2,658
	<u>78,476,866</u>	<u>75,338,122</u>	<u>72,071,049</u>	<u>69,407,865</u>	<u>68,006,722</u>
Excess/(Deficit) in Revenue	2,679,180	592,724	2,006,806	3,178,548	1,751,625
Adjustment to Income Before Fund Balance:					
Expenditures Included Above Which are by Statute					
Deferred Charges to Budget of Succeeding Years	213,319	135,000		29,528	
Statutory Excess to Fund Balance	2,892,499	727,724	2,006,806	3,208,076	1,751,625
Fund Balance, Beginning of Year	<u>2,863,345</u>	<u>5,419,996</u>	<u>6,613,190</u>	<u>5,705,114</u>	<u>5,953,489</u>
	5,755,844	6,147,720	8,619,996	8,913,190	7,705,114
Decreased by Utilization as Anticipated Revenue	<u>2,591,539</u>	<u>3,284,375</u>	<u>3,200,000</u>	<u>2,300,000</u>	<u>2,000,000</u>
Fund Balance, End of Year	<u><u>3,164,305</u></u>	<u><u>2,863,345</u></u>	<u><u>5,419,996</u></u>	<u><u>6,613,190</u></u>	<u><u>5,705,114</u></u>

TOWNSHIP OF SADDLE BROOK
COMPARATIVE ASSETS, LIABILITIES, RESERVES AND FUND BALANCE
GENERAL CAPITAL FUND

<u>Assets</u>	(Unaudited) December 31, 2025	December 31, 2024	December 31, 2023	December 31, 2022	December 31, 2021
Cash	3,600,602	3,496,744	389,208	748,041	15,491,411
Deferred Charges to Future Taxation:					
Funded	40,830,899	43,234,354	45,663,984	47,745,711	49,777,976
Unfunded	17,034,456	16,200,745	13,327,268	9,538,528	7,168,628
Due from Infrastructure Trust Fund	56,846	56,846	56,846	56,846	56,846
Grants Receivable	921,136	845,799	766,420	618,687	1,003,677
Deferred Charges		37,949	16,939		4,201
Interfunds Receivable	821,216		125,763	258,319	
	<u>63,265,155</u>	<u>63,872,437</u>	<u>60,346,428</u>	<u>58,966,132</u>	<u>73,502,739</u>
 <u>Liabilities, Reserves and Fund Balance</u>					
General Serial Bonds	40,589,350	42,880,700	45,196,250	47,170,300	49,092,850
Bond Anticipation Notes	15,045,000	12,695,000	8,316,000	5,849,000	4,715,000
Infrastructure Trust Loan	241,549	353,654	467,734	575,411	685,126
Improvement Authorizations:					
Funded	794,677	354,178	496,101	1,010,273	13,096,567
Unfunded	2,217,643	2,725,710	3,191,303	2,608,427	2,907,404
Capital Improvement Fund	342,600	140,600	56,900	48,900	41,000
Interfunds Payable	4,059	759,727			101,816
Reserve for Non-Residential Development	5,962	5,962	5,962	5,962	5,962
Reserve for Grants Receivable	425,934	533,775	454,396	306,663	691,653
Reserve for Grant Unappropriated	81,426	81,426	243,426	81,426	81,426
Reserve for Mount Laurel	100,000	100,000	100,000	100,000	100,000
Reserve for Payment of Debt	508,849	173,839	617,144	339,838	52,848
Reserve for Encumbrances	2,830,983	3,042,714	1,137,705	869,932	1,874,122
Fund Balance	77,123	25,152	63,507		56,965
	<u>63,265,155</u>	<u>63,872,437</u>	<u>60,346,428</u>	<u>58,966,132</u>	<u>73,502,739</u>

TOWNSHIP OF SADDLE BROOK
COMPARATIVE SCHEDULE OF FUND BALANCE
GENERAL CAPITAL FUND

	(Unaudited) December 31, 2025	December 31, 2024	December 31, 2023	December 31, 2022	December 31, 2021
Fund Balance, Beginning of Year	25,152	63,507		56,965	137,208
Increased by:					
Premium on Debt Sale	77,123	25,151			56,957
Cancellation of Ordinances			63,507		
	102,275	88,658	63,507	56,965	194,165
Decreased by:					
Budget Revenue	25,152	63,506		56,965	137,200
Fund Balance, End of Year	<u>77,123</u>	<u>25,152</u>	<u>63,507</u>	<u>0</u>	<u>56,965</u>

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APPENDIX C

PROPOSED FORM OF BOND COUNSEL OPINION

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† ALSO ADMITTED IN FL AND DC

APPENDIX C

[Proposed Form of Bond Counsel Opinion]

May __, 2026

Township Council
Township of Saddle Brook
County of Bergen
State of New Jersey

Dear Council Members:

We have acted as bond counsel in connection with the issuance of \$16,515,000 Bond Anticipation Notes (consisting of \$15,750,000 General Bond Anticipation Notes and \$765,000 Water Utility Bond Anticipation Notes) (collectively, the "Notes") by the Township of Saddle Brook, a municipal corporation of the State of New Jersey, located in the County of Bergen (the "Township"). The Notes are dated May 7, 2026, are payable May 7, 2027, bear interest from their date at the rate of ____% per annum, payable at maturity, and are numbered and in denomination as follows:

<u>Number</u>	<u>Denomination</u>
26-1R	\$15,750,000
26-1RWU	\$ 765,000

The Notes have been issued pursuant to the Local Bond Law (Chapter 2 of Title 40A of the New Jersey Statutes, as amended). The \$15,750,000 General Bond Anticipation Notes are also issued pursuant to and in anticipation of the issuance of bonds authorized by nineteen bond ordinances adopted by the Township Council of the Township on March 5, 2020 (two ordinances: Ord. Nos. 1676-20 and 1677-20), April 9, 2020 (Ord. No. 1681-20), April 1, 2021 (two ordinances: Ord. Nos. 1697-21 and 1698-21), December 2, 2021 (two ordinances: Ord. Nos. 1712-21 and 1713-21), April 7, 2022 (two ordinances: Ord. Nos. 1719-22 and 1720-22), December 27, 2022 (Ord. No. 1727-22), May 4, 2023 (two ordinances: Ord. Nos. 1733-23 and 1734-23), August

28, 2023 (Ord. No. 1741-23, as amended by Ord. No. 1786-25 adopted on August 21, 2025), June 20, 2024 (two ordinances: Ord. Nos. 1750-24 and 1751-24), August 1, 2024 (Ord. No. 1754-24), October 17, 2024 (Ord. No. 1758-24) and September 18, 2025 (two ordinances: Ord. Nos. 1790-25 and 1791-25) (the "General Bond Ordinances") to finance the making of various public improvements in, by and for the Township. The \$765,000 Water Utility Bond Anticipation Notes are also issued pursuant to and in anticipation of the issuance of bonds authorized by a bond ordinance adopted by the Township Council of the Township on December 2, 2021 (Ord. No. 1711-21) (the "Water Utility Bond Ordinance", and together with the General Bond Ordinances, the "Bond Ordinances") to finance the making of various public improvements in, by and for the Water Utility of the Township.

The Internal Revenue Code of 1986, as amended (the "Code"), establishes certain requirements that must be met subsequent to the issuance and delivery of the Notes in order that interest on the Notes be and remain excluded from gross income of the owners thereof for Federal income tax purposes pursuant to Section 103 of the Code. Such requirements include requirements relating to the use and investment of proceeds of the Notes and other amounts and rebate of certain arbitrage earnings to the United States. Noncompliance by the Township with such requirements may cause interest on the Notes to be included in gross income of the owners thereof retroactive to the date of issuance of the Notes, regardless of when such noncompliance occurs.

The Township has covenanted, to the extent permitted by the Constitution and the laws of the State of New Jersey, to do and perform all acts and things permitted by law and necessary to assure that interest paid on the Notes be and remain excluded from gross income of the owners thereof for Federal income tax purposes pursuant to Section 103 of the Code. The Township's Tax Certificate (the "Tax Certificate"), which will be delivered concurrently with the delivery of the Notes, will contain provisions and procedures regarding compliance with the requirements of the Code. The Township, in executing the Tax Certificate, will certify to the effect that the Township expects and intends to comply with the provisions and procedures contained therein.

As bond counsel, we have examined certified copies of the Bond Ordinances and copies of the forms of Notes. We have also examined originals (or copies certified or otherwise identified to our satisfaction) of such other instruments, certificates and documents as we have deemed necessary or appropriate for the purpose of the opinion rendered below including the Tax Certificate executed by the Chief Financial Officer of the Township of even date herewith. We have assumed the accuracy of the factual information and the truthfulness of the expectations set forth in the Tax Certificate and any exhibits thereto. In such examination we have assumed the genuineness of all signatures, the authenticity of all documents submitted to us as originals and the conformity to the original

documents of all documents submitted to us as copies. As to any facts material to our opinion we have, when relevant facts were not independently established, relied upon the aforesaid instruments, certificates and documents. We have relied, as to the execution and delivery of the Notes, on a certificate of the Township.

We have not prepared nor have we verified the accuracy, completeness or fairness of (i) the information set forth in the Official Statement prepared by the Township in connection with the sale and issuance of the Notes, or (ii) other documents of the Township delivered to the purchaser of the Notes, and we take no responsibility therefor.

Based on the foregoing, we are of the opinion that:

1. The Notes have been duly authorized, executed and delivered and constitute valid and legally binding obligations of the Township enforceable in accordance with their terms, except as enforcement of the Notes may be limited by bankruptcy, insolvency, reorganization, moratorium, liquidation or other laws relating to or affecting the enforcement of creditors' rights generally now or hereafter in effect to the extent constitutionally applicable, and enforcement may also be subject to the exercise of judicial discretion in certain cases.

2. The Township has pledged its full faith and credit for the payment of the principal of and interest on the Notes, and unless paid from other sources, the Township is authorized and required by law to levy on all real property taxable by the Township such ad valorem taxes as may be necessary to pay the Notes and the interest thereon, without limitation as to rate or amount.

3. Assuming compliance by the Township with its Tax Certificate, under existing law, interest on the Notes is excluded from gross income of the owners thereof for Federal income tax purposes pursuant to Section 103 of the Code. In addition, under existing law, interest on the Notes is not treated as a preference item for purposes of the alternative minimum tax imposed under the Code with respect to individuals; however, interest on the Notes that is included in the "adjusted financial statement income" of certain corporations is not excluded from the Federal corporate alternative minimum tax. In addition, under the New Jersey Gross Income Tax Act, as enacted and construed on the date hereof, interest on the Notes and any gain from the sale of the Notes are not includable in gross income of the holders thereof.

Very truly yours,

Rogut McCarthy LLC

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